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OBJECTIONS TO A MONETARY STANDARD BASED ON INDEX NUMBERS

The attention of the public has been fixed for some time on the continued rise of prices and the increase in the cost of living commonly supposed to be a consequence. From time to time suggestions have been made with a view of providing checks or remedies for changes in prices. The most notable of recent years is that brilliant suggestion recently made by Professor Irving Fisher for abstracting seigniorage on the coinage of gold in order to keep the value of the gold coin at a point determined by index numbers; or, in other words, by the indirect application of the so-called tabular or multiple standard. But we must be on our guard against permitting ourselves to be carried away with belief in the possible success of a brilliant device without careful consideration of the question whether the thing that is accomplished by this device is the thing at which after all we are aiming.

Public uneasiness aroused by the change of prices in one direction or another over considerable periods and to a considerable degree, is not a new phenomenon; nor are attempts to meet the difficulties, real or supposed, which their changes cause, of recent origin. Students of the matter have not yet forgotten the quarter of a century of falling prices beginning in the early seventies and lasting until some dozen years ago, nor the world-wide agitation in behalf of the establishment of international bimetallism as a cure for the ills which were supposed to arise from that long-continued decline. Before that agitation, and yet doubtless within the memory of some men still living, was that of the late forties and early fifties of the nineteenth century, which led to the brilliant efforts of Stanley Jevons to make a clear analysis of the situation and suggest a remedy. His words might almost have been written in 1913 instead of 1869: "I cannot help then reasserting with the utmost confidence that a real rise of prices, to the extent of 33 per cent, as measured by fifty chief commodities, has been achieved."

lished since the year 1849. . . . Nor can we well avoid attributing it to the effect of the gold discoveries."

Historical attempts to correct price changes may be grouped into four classes. First are the well-known instances of effort on the part of the authorities in almost every country to fix the prices of some products. We have a recrudescence of these proposals in response to sporadic demands expressed in the public press for the government to regulate trusts by regulating the prices of their products, or also in the demand to regulate the prices of products of public utilities companies. There is justification for price regulation of the latter sort that is not applicable at all to attempts to regulate the prices of competitively made products.

The second method to which resort has been had for preventing the alleged loss from price changes is the attempt to find a fixed, all or unvarying standard. Accounts of this are to be found in the economic literature rather than in legislation or social progress.

The third class of proposals includes those which would control the money supply without statistical information indicating the amount of change needed, or the degree of rapidity with which it should proceed. The most important of these proposals is bimetallism, which aimed to cure the ills of a falling price level but would not be applicable to those of a period like the present. What,

The fourth method, known as the tabular standard, is to fix the value of the money by attempting to determine the change in the average of prices of a certain number of commodities. The fifth method is that proposed by Professor Fisher. He would regulate the price average by controlling the money supply through a seigniorage charge determined by the tabular standard. This is really an indirect way of applying the tabular standard, and whatever defects the latter has are maintained in his plan. This article is essentially a criticism of the selected standard method of regulating prices.

Without going further back than the last century, we may say that during several long periods in each of which what is called the price level tended in one direction. For forty years following the year 1789 the trend of prices was downward. Jevons estimates the fall to have been 10 per cent, the rise in the twenty-year period preceding 1849, the date having been, according to him, as great. For the next 30 years, 1849-1879, the general trend again was downward. Beginning in the early seventies, however, we have the upward trend already mentioned, and we are now in a period of rapid rise. In the sixteen years, in which prices have been steadily rising, it is time to

The agitation for the correction of evils attributed to changes in prices comes from different sources, according as the trend of the change is upward or downward. In the period of falling prices beginning in the early seventies, it was the interests of producers and debtors that were at the basis of the discussion, and it was the removal of the injuries or injustice which they were compelled to suffer through the fall of prices that was the aim of the schemes put forward during that period. The increasing burden of public debts, of mortgages, of long-time private debts, appealed both to the agitator and the student as sufficient to justify attempts to change the existing conditions. It was in this period that the demand for the establishment of international bimetallism, the demand for the remonetization of silver on a larger scale, and the still wilder proposition for the demonetization of gold, occupied public attention. All these schemes aimed at an indefinite increase in the money supply on the tacit assumption that an increased money supply will cause the desired rise in prices. Some, unwilling to sanction an indefinite increase of the money supply by bimetallism or otherwise, proposed the use of the tabular standard for settling deferred payments. Meantime, throughout the period, all holders of fixed money incomes from different sources enjoyed the benefits of falling prices. They were able, with their money income, to buy more largely as the years went by. In spite of the fall of prices there was an unprecedented development of industry and trade in the period as a whole. The agitation of the present period is not in behalf of producers or debtors. It is the receiver of a fixed or slowly changing money income or wage whose interests appeal to the reformer, the economist or the philanthropist. It is pointed out that the price of goods is rising more rapidly than wages or fixed money incomes, and that hardship is therefore entailed upon people who get these. Producers and long-time debtors are gaining instead of losing, as was the case in the period of falling prices; whereas consumers and creditors are losing, or to speak more correctly, are finding that their money which they get is buying less and less as the years go by. Never hardships were suffered by the injured classes in the period of falling prices, are not compensated by the gains of the other classes in the period of rising prices. They are the economic classes, indeed, but not wholly the same individuals. In the opinion of some a change in the price average may be

regarded as a "social change"; or a change due to general influences, like changes in the value of land, and involves, therefore, what may be called an unearned increment. In their opinion, since it is a value due to social progress, it belongs to the community as a whole and should go to it, if some way can be devised to take it. There is some force in this view. But even if it were possible to award to the community at large any gain or loss of this kind, the amount so accorded would in some way be distributed among the members of the community with probably as much inequity as now. If, however, what we have in mind is the prevention of the absorption by individuals of a supposed unearned increment of value caused by changes in the price average, and its assignment to the community as a group or unit, all we need is a knowledge of the amount of change and some means for retaining this increment of value.

But the question of equity as commonly thought of in connection with price changes concerns the relative claims of debtors and creditors, sellers and buyers, wage-payers and wage-receivers, the payers and receivers of fixed money incomes. The problem is to prevent one of these parties from securing at the expense of the other any advantage that originates in price changes. What, from this point of view, would constitute a fair standard of value—one which will preserve the equities of exchange between the payer and receiver of money?

By a standard unit of value is ordinarily meant the value imputed to a definite quantity of a selected good. A stable standard or unit of value would therefore be a quantity of goods whose value did not change. The quest is to find an amount of value thus embodied in some article which as time passes will remain unchanged so far as concerns influences originating in the selected article. The dream of the advocates of an unvarying standard is to fix or objectivize an abstract quantity of value as unvarying as the unit of length. This amount of value must necessarily attach to different amounts of the same article at different times. In order to realize such a unit some think it sufficient to determine the quantity of goods to which is imputed, on the average, the value of the unit. In mathematical theory this is a correct solution of the problem. From the point of view of economic theory, however, it involves a fallacy, whether payment is to be made in units of goods or in gold whose amount is determined by the amount of units of goods for which it exchanges from time to

time. The fallacy lies here: Equal amounts of value under the hypothesis import unequal or different amounts of goods received and returned. This is so because the value imputed to a given quantity of goods today is different from what it was yesterday. The cause of this difference may be a change in the psychological element in the value of the articles, or it may be due to a physical scarcity or abundance of the articles, a change of supply; both elements of value may have changed. To return the same quantity of value is, therefore, not to return either the same articles or the same quantities of the same articles. It is simply to return "average" value or "social" value, composed of elements which to the individual who received them may have very different valuations from those imputed to them in general on the average or by society. Therefore his "welfare" is affected; but it is welfare that is the very purpose of the effort to secure a stable standard of value. It is the return of welfare that is of importance to the individual, and its elements for any individual are likely to be different from those of the welfare that may be attributed to any unit of "average" or "social" value.

In order to get a clear notion of the character of a just standard or unit of value, we must think of the money article as serving monetary purposes only. Mill remarks that theoretically there can be no less important thing in the social economy than the medium of exchange. While this statement taken by itself is open to criticism, it is doubtless true in the sense that Mill had in mind. In a frictionless economy, that imaginary state of affairs so often referred to in economic reading, in which competition is perfect and competitors intelligent enough to know and strong enough to care for their own interests, and in which the medium of exchange serves no other purpose than to effect exchanges and varies in quantity immediately in response to changes in amount of goods offered for sale, his statement would be true. It is conditions like these that we must have in mind in forming our notion of an ideal standard or unit of value. The money article, as money, derives its value entirely from its service in exchange; its volume is determined wholly by the demand for it in order to make exchanges. Its value reflects the changed amounts of goods offered and in itself it is simply a common denominator of relative values.

A just standard of value is one which, in each successive series of purchases, enables the purchasers and the sellers to maintain the

same relative economic positions so far as these depend on the amounts of money they possess. As ordinarily conceived, it is a means of preventing one individual or class from securing the gain, and another from suffering the loss, which arises from a change in the money supply. For, looking at the matter in a broad way, without inquiry into the character or causes of particular price changes, it would seem that a just standard would apportion any gain or loss due to changes in the supply of money so that creditors and debtors, wage-payers and wage-receivers, shall have the same relative purchasing efficiency as they had before the changes. In other words, it would be a standard which would prevent changes in the price average, due to changing money supply only, from inflicting loss or according gain to one at the expense of the others. As against each other, creditor and debtor have each an equitable claim to share in whatever gain may be caused by a change which is the result of some economic movement in the social group as a whole. Perhaps the best general statement of the solution is that the welfare of the community will be promoted by a method which apportions the loss or gain between the parties according to their economic efficiency as contributors to the general welfare. How far this general proposition is applicable, however, in special cases of price changes, depends on the causes of the changes.

It must be remembered that the value imputed at any moment to a given quantity of goods partly depends upon the amount of other goods offered in exchange for that quantity. Therefore, any proposal to establish as a standard a varying quantity of goods embodying an unchanging amount of value, is a proposal to establish a unit of measure to determine changes in the value of goods, when from two causes the thing in which the unit of value itself is embodied changes in respect to the amount of value a given quantity of it contains: changes on the demand or goods side, and changes on its own supply side. Now the very purpose of a unit of measure of value is to measure changes of value induced by or originating in the supply of goods only. The supply of the measure of value itself should have no effect upon the amount of value embodied in a given quantity of it; but commodity money is an article embodying value. Its value changes with its supply, altogether irrespective of changes in the value of goods which it is used to buy. If we could separate the changes due to the varying supply of the money article from the changes

due to the varying supply of the goods that it buys, and measure and correct the former, we would have a real solution of the problem of preventing price changes due to the varying supply of the money itself. No such solution has been found. A comparison of the ratios of increase of production of goods and of gold, even if satisfactory statistics were available, does not enable us to determine what part of the price advance is due to goods and what part to gold. For the elasticity of demand differs for different articles. A small change in supply of goods may cause a large change in price; but this is not true of gold. Hence, every proposal made involves the idea that the unit of value shall correct not only the changes due to the varying supply of the money article, but the changes originating in the varying supply of goods. But we do not want any corrective for the latter, except their own changing costs and supplies. The very purpose of industry and trade is to induce changes in the supply of goods so as to promote welfare, for welfare depends upon the multiplication of commodities.

All the proposals based on the tabular standard or index numbers for regulating the price level assume the quantity theory of money in some of its forms. It is not desirable now to go into the discussion of this subject. It is necessary, however, to point out the erroneousness of the assumption that all price changes arise from or are attributable to changes in the money supply. In the equation of prices the quantity of money is one element. It is illogical to say that it is the chief element. As Mill has remarked somewhere, since two and three are both necessary factors of six, it is incorrect to say that three is a more important factor than two. It is true that a change in the money supply may change the price average, and may cause a readjustment of relative prices. It is equally true that the same effects may be produced by a change in the quantity of goods, or in the rapidity of turn-over either of goods or of money. A stable standard is one which would correct those changes of which variations in the money supply are causal, for the purpose of measuring changes that originate in the other elements. As already remarked, every proposal so far made involves the correction not only of the money-supply-caused changes, but of the goods-supply-caused changes. This is to defeat in part the purpose for which a stable standard is wanted.

The only kind of standard which would answer the purpose

would be one which had no value as a commodity, and whose supply was induced and varied by the varying amounts of goods and by those only. An increase or diminution of its supply would be impossible, except as the volume of exchanges to be made increased or diminished. In other words, a money article must be one that gets its value from the demand for monetary uses and from that demand only. In the absence of a credit system the quantity relation between goods offered and money used in exchanges would be perfect, but as has been frequently pointed out, the only kind of money that will satisfy this condition is inconvertible paper.

Since it has been found impossible thus far to devise a single standard that will not vary, resort has been made to indirect methods of value-measurement. Several have been suggested.

Twenty-five years ago Professor Edgeworth, in a very valuable study of the whole subject¹ classified the methods which up to that time had been suggested. I think that no method involving any new principles has been proposed since that time. He pointed out that we may have two classes of solutions.

(1) A solution irrespective of any hypothesis as to the cause of the changes. This solution may be applied with the purpose of keeping the unit of measure constantly equivalent to the same quantity or value of goods or a quantity or value varying on some sliding scale.

(2) The other class of solutions involves consideration of the cause or causes of changes in prices and may or may not have regard to the quantities of commodities for which the unit of the assumed standard may exchange from time to time. The first class of solutions includes the tabular standard; the second, such schemes as bimetallism, remonetization of silver, or the increase or decrease of the medium of exchange in a general way without reference to specific units of measurement, on the supposition that the price changes are due to changes in the supply of money.

Doubtless because it is the easiest and most convenient the index number method of measuring price changes and its use as a basis for maintaining equilibrium has come into more general use. It will suffice for our present purpose, therefore, to discuss the principles involved in that particular method. In principle, the tabular standard is the selection, as a mathematical unit of value-measurement, of an average derived from prices of goods

¹ *Report Brit. Assoc. Advancement of Science, 1887.*

at a selected time, with which average, or unit, averages computed from similar data at other times may be compared and the differences adjusted. It attempts to restore equal average value by giving varying amounts of goods.

There are really two matters involved in the adjustment of prices, namely: how to maintain or restore the average of prices with the consequences of such action; and how to keep relative prices so adjusted that for the same budget of expenditure changes in prices will not induce changes in the cost of living.

Without going into hair-splitting distinctions it suffices for our present purpose to accept as an arithmetic statement of the average of prices, the index number obtained from ordinary tables of prices. Payment by the use of the index number as a unit would be payment by what is called the tabular or multiple standard. The index number or the average of prices at any time may be taken as indicating the disturbance of the price equilibrium at the moment, and the maintenance of that price equilibrium, or its restoration, is theoretically simple compared with the adjustment of prices so as to prevent an increase in the cost of living.

It is an old criticism of the tabular standard that it is based upon prices of a small number of articles, and therefore not representative of the full circle of expenditure. For our present purpose it is not necessary to consider either this objection or others that have been made concerning the source of prices, the omission of retail prices, and so on. So far as the present discussion is concerned, we may admit the possibility of framing a perfect series of index numbers, and therefore a perfect tabular standard, so far as completeness of data and their representatives are concerned. Out of these data, however, what we will get is still an average. It is an imaginary price whose changes represent changes in the group of articles as a whole. Theoretically, it is possible to measure the changes of this average from time to time; and theoretically, again, it is very likely that the changes could be offset, readjusted, possibly anticipated, through control of the supply of money either directly, or indirectly by some such device as, for example, Professor Fisher has proposed—the restoration of seigniorage. But slight study of the equation of prices is needed to bring out this fact. That equation may be written $GR = Mr + Cr$, where G stands for goods sold, M for the volume of money, C for the volume of credit, and the r's for their respective rapidities of turn-over. If for the moment we assume, what

in the opinion of the writer is not true, although Professor Fisher thinks the contrary, that C has a constant ratio to M , we may exclude for the moment the consideration of the C element. Now all that the maintenance of the price average imports is the maintenance of the equality of the two sides of this equation, irrespective of the factor in which changes originate. The equality between the two numbers of the equation may be disturbed by the change in the volume of goods, in the rapidity of their sale, in the volume of money, or in what is called its velocity or circulation. But equality may be restored by an appropriate change in any one of them.

If, as is sometimes done, we regard the equation of prices as we think of a series of inter-communicating tubes of different diameters, it is possible to maintain the average level of a liquid in all the tubes by the manipulation of the quantity of liquid in any one of them. In other words, it is possible in theory to keep the price average steady by manipulating the volume of money alone, whatever may be the practical difficulties in the application of the theory. But the hydrostatic illustration fails because the adjustment or restoration of the price average induces new forces that operate on all the factors in the problem, some of them directly tending to offset the adjustment which the change was made to bring about. That is not true in a series of tubes filled with water. There is no psychological element there. There is no factor in the problem that is conscious of the change and undertakes to counteract it.

For, although the disturbed average of prices may be restored by the manipulation of one of the constituents of the price equation, it is not a matter of indifference to society what method is adopted. If the volume of goods be increased, the increase will diffuse itself throughout the existing economic classes in accordance with the prevailing equities, or inequities, of distribution. General prosperity is increased. If the equilibrium be restored by diminishing the volume of money this would not be true even if the distribution of the withdrawal were in accord with the existing equities, or inequities, of distribution. But it would not so diffuse itself in the latter case. For the more abundant goods, or some goods, become, the less the demand for them by the wealthier classes; the more of them are available, therefore, for the poorer classes. It is not so with money, because the demand for it by the wealthier classes is as great as before to spend on the goods they now want.

If prices are rising because of lessened production, the restoration of the former average of prices by artificial diminution of the money supply will be of little advantage. For it will not increase the amount of goods offered for sale. There simply is not as much of anything as before. No manipulation of the money supply will alter this fact or lessen in any degree hardship caused in the way of increased cost of living. Therefore, when prices are rising it becomes us to determine whether the rise is due to relative scarcity of goods, or to some other cause. It is obvious, therefore, that any scheme for the maintenance of the level of prices based on the manipulation of the supply of money alone can be justified, if at all, only so far as it is applicable to changes in prices caused by changes in the supply of money, and not to changes in prices caused by variations in the supply of goods, or the rapidity of their sale, or, as I hope to show later, in the volume of credit. This view limits very materially any advantages that may be supposed to accrue from devices that affect the money supply.

In the discussion of rising prices much emphasis has been properly placed upon the largely increased supply of gold as the cause of the change. But we cannot rest here. We must ask whether other causes have operated and also whether the increased supply of gold is to be regarded as the ultimate cause of the change, or rather is not itself one of the results of more fundamental forces which have called it out as a cure or balance of some other tendencies. It certainly is remarkable if the alternate increase and decrease of the gold supply in the past one hundred or one hundred and fifty years is accidental in the sense that the increased supply has been discovered, or new methods of increasing it have been discovered, so regularly as the facts would indicate. Must we not ask rather whether the gold supply is not a consequence of the operation of some as yet unknown social law which brings out this increased supply to meet or to stimulate the growing and changing needs of industry? If so, to check this increase of money supply would be to check those influences or forces, whatever they are, that are promoting industry and trade. To think of the increased gold supply as an accident, and the cause of the hardships that price changes produce, is to take too narrow a view of the circumstances. The cheapened processes of producing gold have been brought about by the need for more gold instead of the reverse being true. To be sure, a

movement in either direction, once started, is likely to overshoot the mark. The regularity of the alternate increase and falling off of the gold supply of itself arouses a suspicion that the movement is a consequence of some yet unrecognized forces, a cure for some existing ills, and not itself primarily a cause of ills. There would seem to be a field of inquiry here that no one has yet touched.

Moreover, for the past fifteen or twenty years production and trade have been increasing by leaps and bounds. More trade has needed more medium of exchange, and more medium of exchange has reacted in producing more trade. It is not necessary for the purposes of this article to go into the presentation of statistics of production and trade. There are certain generally acknowledged facts with reference to the production of some articles of wide consumption which serve the purpose. When we complain of the rising cost of living, we think of the increase in the price of beef and perhaps of wheat and its products. Making all due allowance for the manipulation of prices by monopolies, it can hardly be disputed that for years there has been a growing scarcity of beef, and therefore of meat products. For some reason, in Illinois, for example, for a decade or more farmers have been pushing agronomic agriculture to the detriment of animal husbandry. The same is true of other states which once had considerable surpluses of beef for sale. The prices of beef and its products therefore have gone up. No restoration of the price level will increase the supply of beef. Those in whose budgets it figures cannot get as much of it as they used to get, for there simply is not enough to go around in the old way. In crop products too, there have been several seasons of relative shortage, and the effects of the shortage of a single season are spread over several years. We have practically ceased to export wheat and beef, and the foreigners we formerly fed must find their supply elsewhere.

In addition to the difficulty of adjusting the average of prices by injection or withdrawal of money is the greater difficulty of distributing any additional supply of money, or withdrawing any portion, so as to preserve existing economic relations among classes and individuals. If the money supply were costless, so that it continuously changed only in response to and in proportion to demand, or supply of goods, and if the distribution of the extra supply of money were immediately effected among income receivers so as to preserve their previous relative economic po-

sitions, then we might hope to accomplish the proposed purpose; but the supply of money is from independent producers working for profit by providing this supply and not directly in response to the changing volume of production and trade. The distribution of any extra supply is a double one. It must be distributed among the classes and individuals who receive money income in a way to preserve their former monetary relationships, and the individuals in turn must expend it in their budgets in such a way as to keep the items of their budgets in the same relative positions. The first of these distributions or withdrawals could only take place as it does now. It would spread itself after intervals from one class to another. The monetary relations of different classes would not be different and relative welfare would be unchanged. But the problem is to get proportionately more to those who now have least. The hardship is due to the slowness of adjustment of money supply to changing real costs of production. This would not be prevented by the restoration of a raised or lowered average of prices, and it is restoration and not continuous maintenance that is possible, even under Professor Fisher's plan, so long as the gold supply is not controlled but produced for profit.

The second part of the distribution of a new money supply is in individual expenditure. It is sometimes possible here to reduce or prevent higher cost of living by readjustment of expenditure. There is some reason to think that present high cost of living for most people is due in part to higher standards of living. This is not true of those whose income affords a bare subsistence and must be spent on the bare necessities of life. But some at least of these articles are high because their production has not kept pace with population. No mere change in the volume of money would bring them any more within reach of the people on the margin of subsistence. What is needed here is a juster distribution of wealth. But for many people higher prices of some things are offset in the budget by lower prices of others. One ray of light is thrown on this point by the tremendous growth of certain kinds of amusement, like moving picture shows. The "middle class" at any rate is finding it possible to spend more on such things in the face of higher prices. Wheat has risen, but sugar, for example, has fallen. A readjustment of expenditure may secure as high a standard of living without much if any increase in total expenditure. Whether or not this is the case at any time

is a question of fact to be determined by the evidence. The evidence at present is more or less disputed. In this connection Professor Patten's remarks on family budgets in his recent monograph on the reconstruction of economic theory are very pertinent.

Another matter to be considered in connection with an effort to keep the price average steady by any plan based on index numbers is the reaction on production. As has been remarked, such a plan attempts to remedy, by changes on the money side of the price equation, changes which originate both on the money and on the goods side. Now changes in the values of the latter should have free play in a competitive economy. They are the causes or results of the forces that constitute competition. They are the changes that it is the purpose of a monetary unit to measure. It is otherwise with the changes of prices that originate in the money unit itself. They are the things we would like to prevent. To vary the unit of value in a way to offset changes on the goods side of the price equation is to check the operation of forces which in a competitive industry we want to encourage. It would tend to deprive the abler producers of their opportunities and gains when prices are changing. It would not be to their interest to lower costs if immediately the saving were offset partly or wholly by a change in the price of their goods through manipulation of the money supply. On the other hand, when prices are rising the producer will not respond to the stimulus for a larger output if by the time the increase of output is made its advantage is to be lost in part or entirely by changing the price average.

Moreover, the producer would have difficulty in adjusting his costs at every change of the price average by a device based on the tabular standard. For a readjustment of the general price average will not diffuse itself among relative prices without disturbing these. We know that the elasticity of demand is not the same for all articles. Even if an addition to the money supply distributed itself in the first instance according to the scale of existing relative prices, a new scale of relative prices would probably emerge at once, because the effect on the demands for the different goods would not be proportionate. This would be a disturbing factor in the cost of future production, and would lead immediately to a new adjustment of relative prices and in turn to the need for a new adjustment of the price average.

We must remember that we may have the same average of

prices with very different scales of relative values. To push up the average by an addition to the money supply, for example, will not help the producer who spends his income mainly on a raw material whose price is one element in the table but which has fallen or risen while the prices of other articles were going in the opposite direction. It is poor comfort to him to have general prices raised on the ground that most articles have fallen if the article which constitutes his main cost has meantime risen. If prices fall on account of lowered cost of production, the movement, if uninterfered with, will tend to check production in the next period. It is a common experience that an oversupply of grain, for example, through one or two years, will be succeeded by a smaller average before long. This is an attempt to adjust the price average to correct the fall, and the effect of the correction will be felt when the smaller product of the next production period comes into the market. The effect is to push prices back again. If, in the meantime, an effort has been made to do this independently by the manipulation of the money supply, a twofold impetus is given to the movement.

Nor can we pass by the possible effects on wages of adjusting the price average. The present demand to secure a stable average of prices is said primarily to be in behalf of the wage-earner. On the face of the matter this appears true. It is not clear, however, that any benefit that might come to him in this way would not be offset in other ways. In the first place, as has been pointed out, the hardship to the wage-receiver is caused not by an increase of the money supply, but by the fact that it is not immediately diffused among the various economic classes of society. It spreads itself, as Cairnes pointed out, by jerks. It benefits the class that first receives it. Its diffusion is brought about only by a struggle. When prices are disturbed and laborers struggling to have their money wages raised, they would have an added difficulty if whatever hardship they were experiencing were ostensibly to be removed by the adjustment of prices. Since that adjustment cannot be made continuous, and since the term before it would take place under any scheme would not be long, the conditions which would justify their insistence on raised wages would not continue long enough to secure them. Again, producers in industries whose costs fell during a period through which the price average did not change would have less inducement to share the benefits of the lowered costs with their wage-

receivers in their industry. Why should they? If the latter cannot by struggle force up their wages, whatever advance might be made will be rendered unnecessary by changing the price average.

Such, in the writer's opinion, are the difficulties in the way of the success of any plan for keeping prices steady through a direct variation of the money supply on the basis of index numbers. Are they met by the indirect application of the tabular standard whereby the dollar would be kept steady in value by the abstraction of more or less seigniorage? It is difficult for the writer to see that they are. When in a period of rising prices a sum of gold is presented for coinage, seigniorage will be exacted in an amount dependent on the change of the index number, and the rest will be coined into dollars. The change of prices on which the seigniorage, and therefore the additional supply of money, is based, is still the change in the average, irrespective of the side of the price equation on which it originates. The plan is based on the supposition that all changes in the price average can, and may properly, be corrected by adjustment of the money supply. We have seen that in mathematical theory they can be, but that there is reason to doubt that a corresponding economic adjustment will follow, in the sense of promoting welfare or diminishing the difficulties of relative scarcity. In so far as high prices are caused by relative scarcity of goods more of these new dollars will get into the hands of the economically strong, just as dollars do now, and the total relative purchasing powers of the economic classes will be substantially unchanged. Moreover, under this plan, the money supply still increases. It is reduced in amount, to be sure, and so far as the corrective needed is a reduction of the money supply its operation in this respect would be good. It is, however, the dollar put into circulation and not the seigniorage kept out of it that affects prices. There seems to be no necessary connection between the percentage of change in the price average and the amount of seigniorage which it would be necessary to withdraw to keep that average from rising further. The direct connection at any rate is between the change in the average, and the new supply of money. The best that can be said of the plan is that it would retard the influx of an increased gold supply.

The writer has expressed doubt of the correctness of Professor Fisher's statement that the volume of credit has a constant relation to money. Professor Fisher's argument is admirably put

and well supported, but hardly seems to the writer conclusive. There is a usual, or if you please, a normal, volume of credit carried on the basis of a given money supply. That volume, however, may be very much expanded on occasion. There is a limit beyond which it cannot be expanded. At this limit there is doubtless a constant relation between the volume of credit and the money supply on which it rests. Below this maximum there is room for all sorts of variations in the relationship. When through a considerable period industry and trade have been expanding so rapidly as to demand a more rapid increase in the means of exchange than the money supply provides, credit exchanges will be pushed to and maintained at the limit of proportionality to money supply for a considerable time. There will in time be pressure to increase the money basis of credit, and the supply of money will be stimulated. Activity in providing this supply will in time overdo the needs of the situation, and for a period of years money exchanges will grow more rapidly than credit exchanges. This is particularly true in a country like our own with large areas in which newly established production calls for money rather than credit payment. It is also true, however, in any country, when production begins a career of new activity. There is therefore a kind of periodicity in the amount of use of credit and of money respectively in effecting exchanges.

The view that credit exchanges must have a constant relation to the money supply rests upon the common statement that credit in the last analysis rests upon gold. This statement, of course, is correct, but needs interpretation. It is capable of two meanings. It may mean that every credit transaction rests directly upon a gold basis, and that against it there is directly maintained somewhere a gold reserve. It may mean that credit transactions are built on other credit transactions, a gold reserve being maintained somewhere for the balance after cancellation. Now the point at which cancellation will take place and the volume of transactions which may be settled thereby before the balance of indebtedness is struck are very varying. Consequently, while it is correct to say that the whole series of credit transactions rests upon a gold reserve, the amount of reserve needed is what the balance of indebtedness after cancellation calls for. This amount will be larger or smaller according to the state of confidence. In other words, to say that credit rests upon gold may mean that against every credit transaction is immediately some reserve of

gold; or that some reserve of gold is maintained to settle the balance after a prolonged period of cancellation. The latter, in the opinion of the writer, is the correct view, and the conclusion follows that the volume of credit possible on a given money supply is elastic. If so a mere manipulation of the money supply could be offset by changes in the volume of credit.

There are several other difficulties in the plan which, without doubt, Professor Fisher has foreseen. No remedy is adequate which does not provide for falling as well as for rising prices. The seigniorage retained would furnish a fund which, as long as it lasted, would take care of the needs of coinage during a period of falling prices. After that, as Professor Fisher truly remarks, we would be in no worse condition than we now are. Still we would be in as bad a condition. That is, we would be without a remedy. The practicability of the plan, even if it is advisable to maintain a price average, is of course remote. All this, however, does not detract from the praise that, in the writer's judgment, Professor Fisher deserves, not only for his eminently valuable contributions to monetary theory, but also for devising so ingenious a scheme. It is workable under certain conditions, and within limits might do considerable good. But the writer at least cannot regard it as an adequate or scientific remedy for the situation. Statistical inquiry may in time enable us to find one. Certainly the work of Professor Fisher encourages us to hope that some results may be accomplished in the future, but the time is hardly yet.

Are we then to content ourselves with letting things alone? To the mind of the writer there is some hope of preventing the hardship due to rising prices by action in other directions than in the manipulation of the money supply. The whole conservation movement, looking towards increased production and lower costs, is one movement in the right direction. The regulation of "combinations" of whose evil results we have too much, is another, as is also reduction in the expense of distribution of products. The establishment of a somewhat definite standard of living as the American standard, so to speak, which must be met by wages established through minimum wage boards is another means of avoiding the hardship of the rising cost of living. Efforts of labor unions, boards of arbitration and other agencies to lift wages are more continuous and likely to be productive of quicker results than can be brought about by an occasional or periodic

manipulation of the money supply to offset forces that are continuous in their operation; for they aim at the important element in the situation, namely, the immediate diffusion among different economic classes of the increased supply of money.

Other measures looking in the same direction are insistence upon the maintenance of adequate bank reserves, and the regulation of banking credits. If we should insist upon the maintenance of a considerably larger gold reserve in proportion to the volume of credit granted by banking institutions, the volume of exchange medium would be curtailed and would be under better regulation.

What we need is a scheme of anticipatory action, whereas all proposals thus far are to cure ills that have been suffered. Forces have already largely adjusted themselves to the changes before the remedy is applied. To try to cure the evil now is to undo the adjustment. Or else the attempt to cure the hardship will be foreseen and discounted, so that the adjustment again will do more harm than good.

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THE COMMERCE COURT QUESTION

The question whether the Commerce Court shall be retained as a part of our federal machinery for regulating railways was left unsettled by Congress at its last session. Provisions for abolishing it and transferring its duties to the various United States district courts were passed as a "rider" to the Legislative, Judicial and Executive Appropriation bill. President Taft vetoed the bill in this form. As finally enacted it provided funds for the maintenance of the court, but only until March 4, 1913. Doubtless, in determining whether funds shall be provided for it beyond that date Congress will settle whether it is to be retained as a part of our judicial machinery.

The question presented is important. But it has not heretofore been discussed and dealt with on its merits. A provision for the creation of a similar body was a part of the Esch-Townsend bill, the precursor of the Hepburn act, and this passed the House with the approval and backing of President Roosevelt in 1905. But when President Taft recommended the creation of a "United States Court of Commerce" in a message on January 7, 1910, the plan aroused much opposition in Congress. It was vigorously attacked by its foes, and but lukewarmly defended by its friends, in that body. Its adoption was almost entirely due to the persevering support of the President and his administration.

The court began business on February 8, 1911, under unusual conditions. Not only did the Commerce Court come into existence while the courts in general were under fire, but it was peculiarly under suspicion from the start, because it had been frequently predicted that the railways would soon "own" it. The Mann-Elkins act, by which the court was created, made extensive changes in the Act to Regulate Commerce. The court had to construe these provisions *de novo*, deciding not only the rights of parties, but also the extent of its own jurisdiction and of the new powers of the commission. No matter what its decisions were, they were sure to cause dissatisfaction to many persons. President Taft's administration and the Senate of the Sixty-second Congress were of one political complexion; the House of Representatives of another. There were also in both houses "insurgent" or "progressive" Republican members, who were no less hostile to the administration than the Democratic majority in the House. Mr. Taft was up for re-election. His administration was responsible for the Commerce

Court's creation. If, therefore, the court rendered unpopular decisions it was pretty apt to be made a target by the administration's critics.

In its earlier decisions, the Commerce Court put its foot into the trap conditions had laid for it. It overruled the Interstate Commerce Commission repeatedly, and decided repeatedly in favor of the railroads. Thus it speedily became a target for bitter criticism. It received a heavy onslaught from the commission in the latter's annual report for 1911:

Out of 27 cases passed on by the Commerce Court, preliminary restraining orders or final decrees have been issued in favor of the railroads in all but seven cases, and of these only three are of any magnitude. In saying that the court has ruled in favor of the railroads we do not mean that the ruling has been always adverse to the Commission, but it has been adverse to the shippers' contention. . . . In but three cases of any consequence where the Commission and the shippers have been opposed to the railroads, have the orders of the Commission been sustained even temporarily by the refusal to grant a temporary restraining order.

A bill to abolish the court was introduced by Representative Simms of Tennessee when the court had been in existence barely a year. At this critical juncture charges of improper conduct were made against one of its members, Judge Archbald, which added fuel to the flames. The abolition bill was passed by the House early in May and by the Senate early in June.

The passage by large majorities of a bill to abolish a branch of the government would, under ordinary conditions, raise a strong presumption that it deserved to be abolished. But the conditions were not ordinary. Besides, the bill was vetoed by a president, who, while he obviously must have been biased in favor of the court because he had practically created it, was well equipped by experience and training to form a judgment as to the merits of its decisions. The fact that the court had been in existence only sixteen months when the bill to abolish it was passed, suggests the possibility that it was not given a fair chance to show whether it was or was not of real value. In view of the charges that the court had been partial to the railways, it is significant that the railways did nothing in defense of it, when it was being attacked in the winter of 1912, but that several prominent lawyers for shippers, including John B. Daish of the National Hay Association, Francis B. James of the Cincinnati Receivers and Shippers Association, and Luther W. Walter of Nelson Morris and Company, actively de-

fended it before committees of Congress, and even sought legislation increasing its jurisdiction; and that the National Industrial Traffic League, the largest and most influential organization of traffic representatives of shippers in the country, adopted resolutions opposing its abolition. On the other hand, there were many shippers, especially those in the western intermountain communities, who were incensed by the court's decision in the so-called "Pacific Coast rate cases," who favored its abolition. As a matter of history, I may add that I know that the railways deliberately refrained from taking any active part in the controversy because, first, they did not think anything their representatives might do would accomplish anything; and, second, because they felt that they had little or nothing, and perhaps less than nothing, to gain by the retention of the court.

Conditions have changed since the bill was passed. The Supreme Court has rendered some decisions interpreting more fully the Interstate Commerce law and outlining more distinctly the jurisdictions of the Commerce Court and the commission. The Commerce Court itself has rendered a number of additional decisions. It may be desirable, therefore, to consider the Commerce Court question *de novo* in the light of all the evidence at present available.

The main arguments advanced for the creation of the court were: (1) It would promote expedition in the hearing of cases under the Interstate Commerce law. (2) It would secure a needed uniformity of decision in these cases which was impossible when they were tried by numerous courts all over the country. (3) The court's members, by constantly dealing with the same subject-matter and the same questions, would acquire expert knowledge that would enable them to render more intelligent and equitable decisions than could judges who lacked such knowledge.¹ The argu-

¹ In his message to Congress on January 7, 1910, President Taft said:

"Of course, every carrier affected by an order of the commission has a constitutional right to appeal to a federal court to protect it from the enforcement of an order which it may show to be *prima facie* confiscatory or unjustly discriminatory in its effect; and as this application may be made to a court in any district of the United States, not only does delay result in the enforcement of the order, but great uncertainty is caused by contrariety of decision. The questions presented by these applications are too often technical in their character and require a knowledge of the business and the mastery of a great volume of conflicting evidence which is tedious to examine and troublesome to comprehend. It would not be proper to attempt to deprive any corporation of the right to the review by a court of any order or decree which, if undisturbed, would rob it of a reasonable return upon its investment or would subject it to burdens which would unjustly discriminate against

ments that have been made in favor of the court's continuance are similar to those made for its creation.

The principal arguments advanced for its abolition are as follows: (1) Its maintenance involves additional expense to the government. (2) The expedition with which cases have been heard by it has not been satisfactory; in some instances there have been long delays; and all needed expedition could be secured by appropriate legislation if its duties were transferred to the district courts. (3) The Supreme Court must finally pass on questions of law arising under the Interstate Commerce act, and after it has done so all needful uniformity could be secured in decisions of the district courts, because the district courts would have to follow the precedents of the Supreme Court. (4) It is not necessary for a court which reviews the decisions of the Interstate Commerce Commission to have expert knowledge of transportation matters. The courts in rate cases are restricted to statutory and constitutional questions. Expert knowledge is required to pass on questions of fact; and the commission is the final judge of the facts. (5) The Commerce Court has interfered with the work of the commission by overruling it regarding matters which are exclusively within the commission's jurisdiction. (6) It has also shown a tendency unduly to favor the railways.

Let us examine these opposing arguments. The additional expense is not large. It has been estimated that the cost of marshals, clerks, offices, etc., amounts to less than \$40,000 a year.² The five judges rank as circuit judges. The annual salary of a circuit judge is \$7,000 a year. Each of the Commerce Court judges gets \$1,500 a year extra during his service on it, since the sessions are held in Washington. This makes the total paid to the judges \$42,500 a year. The figures indicate that the total annual expense for the court is less than \$100,000. Nor can all of this be justly charged against the Commerce Court as additional expense; other courts would have to hear commerce cases if it did not. The law provides that when part of its judges are not needed for

it and in favor of other carriers similarly situated. What is, however, of supreme importance is that the decision of such questions shall be as speedy as the nature of the circumstances will admit, and that a uniformity of decision be secured so as to bring about an effective, systematic, and scientific enforcement of the commerce law, rather than conflicting decisions and uncertainty of final result."

² Letter of Henry S. Drinker, Jr., published in the *Philadelphia Public Ledger*, Aug. 13, 1912; also in the *Congressional Record*, Aug. 14, 1912, p 11805.

its work the Chief Justice of the Supreme Court may assign them for service elsewhere; and most of them at times have been so assigned. Judge Archbald has held court in New York, Judge Hunt in Montana, Judge Carland in St. Louis, Judge Mack in Chicago, etc. Also, the Erdman law provides that any member of the Commerce Court or the Interstate Commission may be designated to act with the federal Commissioner of Labor in mediating in railway labor disputes; and the President appointed presiding Judge Knapp to perform this duty for two years, a duty to which he has given a good deal of time. If the court should be abolished, the expenses of clerks, offices, etc., would be eliminated, and the extra money paid to its members, as such, would be saved. But their salaries as circuit judges would go on, because federal judges are appointed for life.

While there might be a very small saving to the government, there would be added expense to litigants, which would fall especially heavy on small shippers. The act establishing the Commerce Court provides that it "may direct the original record to be transmitted on appeal instead of a transcript thereof." This is practical when the reviewing court sits in the same city as the commission. It was not practical under the old system, and would not be practical if the functions of the Commerce Court were transferred to the district courts; and litigants would be put to additional expense for transcripts. Assuming that rate cases will be disposed of more expeditiously by a single court, a change to a system under which they were heard by numerous courts would further increase the expense to litigants; for the longer a case drags along the more it costs the parties. Uniformity in the decisions tends to reduce litigation and, therefore, expense. Finally, as the amounts of money involved in rate cases are so large, often running into millions, and as it is important from a strictly pecuniary view that they shall be decided right, the relatively very small amount it costs the government to maintain a special tribunal to hear them cannot be considered of much consequence, if the tribunal is performing, or can be made to perform its duties fairly and efficiently.

The second question to be considered is under what system cases may be expected to be disposed of most expeditiously. Whether appeals to the Supreme Court are made from the district courts or the Commerce Court will make little difference in the facility with which the Supreme Court will dispose of them after they reach it.

The real point, then, is under which system decisions will be arrived at more quickly in the lower courts. There are eighty-six district courts among which the present jurisdiction of the Commerce Court would be divided under a law similar to the bill passed at the last session of Congress.³ Under the old system this jurisdiction lay with the various circuit courts. The majority of the House Committee on Interstate and Foreign Commerce in its report favoring the abolition of the Commerce Court said: "The Commerce Court has nothing to do but try these cases and ought to be able to give them great expedition. In point of fact, this has not always been done." The bill reported provided that cases arising under the Interstate Commerce act should be heard by three judges in the district courts and given precedence over other matters. This practice would be similar to that prevailing before the creation of the Commerce Court. It was contended by the majority that if the expedition act was applied in good faith by the district courts, cases would be handled as rapidly as under the Commerce Court act.

Certainly, as the majority report said, it would be natural to think that cases of a particular nature would be disposed of faster by a court hearing only them, than by eighty-six courts possessing less familiarity with the technicalities of the subject-matter involved, and having to dispose of the most diverse litigation. Besides, the district courts already are required to expedite several classes of cases, as those arising under the Sherman anti-trust law, the Elkins act, and the navigation laws, contempts before referees in bankruptcy, habeas corpus proceedings, proceedings for interference with submarine cables, and interlocutory injunctions suspending state statutes. Under practice or court rules, preference must also be given to the hearing of ordinary interlocutory injunctions, criminal cases, cases arising for a second trial, cases brought by receivers, cases brought by the United States, and jury cases.⁴

Evidence presented to committees of Congress by Attorney General Wickersham showed that under the system prevailing before the Commerce Court was created the hearing of rate cases was less rapid than it has been since. Subsequent developments sustain the position of the Attorney General. Under the old plan from the time the Hepburn act went into effect until the Commerce

³ *H. Rep.* No. 472, 62 Cong., 2 Sess.

⁴ *Ibid.*, p. 18.

Court began business the circuit courts issued seven injunctions restraining the enforcement of orders of the Interstate Commission. The periods during which the cases were pending between their filing in the court of first instance and the allowance of appeals to the Supreme Court ranged from one month to two and one half years, and averaged nine and one half months. Up to November 11, 1912, the Commerce Court had granted—or dealt with—such injunctions in 8 cases, and the similar periods varied from three months to one and one half years, and averaged six months, including the time that 4 of these cases were pending in the circuit courts before transfer.

From the time when the Hepburn act went into effect until the Commerce Court began business there were carried through the circuit courts 17 cases involving the validity of orders of the commission. The time taken to dispose of them ranged from two months to three years, and averaged eighteen and one half months. There were also 2 cases which were unfinished and which had been pending two years, and two years and five months respectively. Most of the cases that have been before the Commerce Court were transferred from the circuit courts, and the time during which they had been in the circuit courts cannot be charged against the Commerce Court. The fact that within sixteen months after it began business the Commerce Court had finally disposed of 16 cases shows that it has been reaching decisions much more quickly than did the circuit courts under the old system.

It is contended, as we have seen, that the decisions of a single court which deals exclusively with a given general subject-matter and questions of a given character are pretty sure to be more uniform and expert than those of eighty-six courts that have to handle all kinds of litigation. But, as we have also seen, the reply is made that while it is true that an expert body is required to pass on the questions of fact involved in rate cases, the Interstate Commerce Commission is an expert body and is the sole judge of the facts. Furthermore, it is said, the Supreme Court will speedily so decide statutory and constitutional questions as to cause decisions of the district courts on law points to be sufficiently uniform and expert.

Assuming for the present that the courts can now consider only statutory and constitutional questions, it does not follow that the decisions of eighty-six courts on these points would be uni-

form, or that the lack of uniformity would be a negligible evil. A court decision is at once the interpretation of statutory and constitutional provisions and their application to the case at bar. Now, no two cases, any more than two human faces, are ever exactly alike; and consequently in almost every decision the courts have to elucidate some partly or wholly new legal point. The interpreting of constitutions and statutes would never end if no more changes in them were ever made. After a higher court has made its interpretation the lower courts must interpret the higher court's interpretation. A single lower court will put pretty uniform constructions on the law and on the decisions of the higher court, but eighty-six lower courts are certain to make diverse constructions; and then nobody can safely assume that any of them is right. One power no one disputes the court's having is that of determining whether orders of the Interstate Commerce Commission are confiscatory, and of issuing temporary or permanent injunctions to restrain their enforcement pending or after determination of this question. Under the old arrangement the circuit courts sometimes differed as to whether injunctions should be issued when confiscation was alleged, even when the facts involved were substantially similar. In consequence, in one circuit the reduction in rates that the commission had sought to make might go into effect and the shippers would get the benefit of it; while in an adjoining circuit, the rates in which were also covered by the commission's order, there might be no reduction and the shippers would be placed at a competitive disadvantage with the shippers in the circuit where the injunction had been granted.

Not only is the final interpretation never put on any constitutional or statutory provision, but constant changes are made in the laws themselves. The Act to Regulate Commerce has been repeatedly amended. It undoubtedly will be in the future. A single court would construe the new amendments uniformly, while eighty-six courts would render diverse opinions. However, it is easy to exaggerate the evil of having numerous courts passing on the same questions of law. Ordinarily when one court has passed on a particular law point others of equal rank will follow the precedent established; and after the highest court has ruled on the point the diversity of opinion among the lower courts, though it may not be negligible, is certain not to be serious.

The foregoing discussion is based on the assumption that the

courts have no power to review the commission's findings of fact, but are restricted to statutory and constitutional questions. That this is true is often asserted unqualifiedly. As a matter of fact, wide differences of opinion exist among lawyers as to the extent of the jurisdiction of the courts in reviewing orders of the commission. The views on this subject may be roughly summarized under three heads.

(1) It is contended by some that all the courts can do is to ascertain, first, whether the carrier against which an order of the commission is directed is subject to the Act to Regulate Commerce; whether the subject-matter of the order is interstate commerce over which the commission has jurisdiction; whether the commission has afforded the carrier full opportunity to be heard in the premises; whether the order has been served upon the carrier in accordance with the provisions of said act; and whether the commission has found unreasonable or otherwise unlawful the rate or regulation covered by its order.⁵ In other words, has the commission complied with the formal requirements of the statutes; and would the enforcement of the order deprive the carrier of a fair return on the fair value of its entire property; is it confiscatory, and, therefore, unconstitutional? The making of rates, it is said, is a legislative function "which cannot be reviewed by the court."⁶ A modification of this view is that the courts probably may also inquire whether the order of the commission is so clearly wrong as to be beyond its power to make it. "It is conceivable," Commissioner Prouty has said,⁷ "that a rate established by it might be so palpably unjust that the court might feel called upon to say that Congress never could have intended to invest that body with authority to make such an order."

(2) A second view is that the courts have not only the foregoing authority but also the statutory power and duty to inquire whether the rates condemned by the commission are palpably unreasonable or unjustly discriminatory, and whether those

⁵ See brief filed in the Commerce Court by P. J. Farrell, Solicitor for the Interstate Commerce Commission, on "The Extent and Character of the Jurisdiction of the Commerce Court over Cases Brought to Enjoin, Set Aside, Annul, or Suspend, in Whole or in Part, any Order of the Interstate Commerce Commission."

⁶ *Twenty-fifth Annual Report of the Interstate Commerce Commission*, p. 59.

⁷ "Court Review of the Orders of the Interstate Commerce Commission," by Charles A. Prouty, *Yale Law Journal*, March, 1909.

it proposes to substitute are reasonable and non-discriminatory. It is true, it is said, that the fixing of a rate for the future is a legislative act and that this legislative function has been delegated to the commission; but Congress, in delegating this function, has laid down rules according to which it must be exercised, and it is for the courts to see that those rules are complied with. Section 15 of the act provides that if the commission shall be of the opinion that any rate is "unjust, or unreasonable, or unjustly discriminatory, or unduly preferential or prejudicial, or otherwise in violation of any of the provisions of this Act," it may determine and prescribe what will be the just and reasonable maximum rate thereafter to be charged. Similar powers are delegated with reference to regulations and practices. "Thus," it is said, "the power conferred upon the Commission is restricted by the limitations (a) that the power cannot be exercised except when the existing rate is unlawful; and (b) that the rate prescribed by the commission shall itself be just and reasonable."⁸ These are the rules which Congress has laid down for the commission to follow. The courts should, it is conceded, give great weight to the views of the commission; but they should not hesitate to overrule it if they find that its order is clearly illegal.

(3) A third view is that the carrier has a constitutional right to a reasonable compensation for every service it renders. On this theory, even in the absence of any statutory provision to that effect, the carrier would have a right to demand that each rate fixed by the commission should be reasonable and to have the question whether it was so reviewed by the courts.⁹

Past decisions of the Supreme Court seem to indicate that it is likely finally to hold that the second view above outlined is the nearest correct. Its decision in *I. C. C. vs. Illinois Central* (215 U. S., 452) is cited, among many others, by those who contend for a very narrow court review. The Supreme Court in that case indicated that very great and almost conclusive weight

⁸ See brief filed in the Commerce Court by Walker D. Hines, Chairman of the Executive Committee and General Counsel of the Atchison, Topeka & Santa Fe Ry., on "The Extent and Character of the Jurisdiction of the Commerce Court over Cases Brought to Enjoin, Set Aside, Annul, or Suspend in Whole or in Part any Order of the Interstate Commerce Commission."

⁹ See brief on "The Jurisdiction of the Commerce Court Considered from the Standpoint of the Constitutional Right of a Carrier to Charge a Reasonable Compensation for Each Service," filed in the Commerce Court, by A. P. Thom, General Counsel of the Southern Railway.

must be given the commission's findings of fact, and upheld its order. It added, however, that the powers of the courts extended to the determination, not only of all relevant and pertinent questions of statutory power and of constitutional power and right, but also to the question "whether, even although the order be in form within the delegated power, nevertheless it must be treated as not embraced therein, because the exertion of authority which is questioned has been manifested in such an unreasonable manner as to cause it, in truth, to be within the elementary rule that the substance, and not the shadow, determine the validity of the exercise of the power."

In *I. C. C. vs. N. P. Ry. Co.* (216 U. S., 538) the Supreme Court set aside an order of the commission on the ground that it was not within the commission's statutory power to make it. The law authorizes the commission to prescribe a through route where no reasonable and satisfactory through route exists. In this case the Northern Pacific contended that a reasonable through route did exist. The commission ordered the establishment of another one. The question presented was a mixed one of law and fact. The Supreme Court said:

The existence of such a [reasonable and satisfactory] route may be inquired into by the courts. . . . No doubt in complex and delicate cases great weight, at least, should be attached to the opinion of the Commission, but in the present case, at least, there is no room for difference as to these facts, and the majority of the Commission plainly could not, and would not, have made the declaration in their order but for a view of the law upon which this court must pass.

In *I. C. C. vs. S. P. Co., et al.* (219 U. S., 433) confiscation was not involved, nor was it questioned that the commission had met the formal requirements of the statutes as to giving full hearing, making its order properly, etc. The commission had issued an order setting aside new rates on lumber from the Willamette Valley to San Francisco and points on San Francisco Bay and restoring practically the old rates; and the question on which the case turned was whether the commission had confined itself to determining if the rates of the railways were unreasonable and discriminatory and to fixing in place of them reasonable and non-discriminatory rates, or had sought, as the railways alleged, to exercise an extra-legal power to control their rate-making policy. The Supreme Court decided the commission had exceeded its statutory powers, as charged, and set aside its order. Portland, although situated similarly to other points in the Willamette

Valley, except that it had water competition, was not, by the commission's order, given rates similar to those accorded to other points. Commenting on this, the Supreme Court said:

We cannot, therefore, assume that the order was legal because it rests upon the power to correct an unreasonable rate and to substitute a reasonable rate, since to indulge in that assumption would at once beget the inevitable inference that the order was repugnant to the statute because of its discriminatory character.

The implication seems to be that for the commission to fix rates that are plainly unreasonable or discriminatory is illegal and that in such a case the courts will set its order aside. We have seen that Commissioner Prouty concedes that a rate established by the commission "might be so palpably unjust that a court would feel called upon to say that Congress never had intended to invest that body with authority to make such an order." The decisions of the Supreme Court cited seem to justify the conclusion that under the statute as it now stands the courts may not review the commission on pure questions of facts, but that they may inquire whether it has taken all the steps necessary to ascertain the facts, and whether it has correctly applied the law to the facts found; and that if they consider its order plainly unreasonable or in excess of its delegated power they will set it aside as a matter of law, even though enforcement of its order clearly would not be confiscatory of the carrier's property as a whole. If the courts do have power to review the reports of the commission, not only on pure questions of law, but also, to the extent indicated, on mixed questions of law and fact, the desirability of uniformity and expertness in their decisions is increased, and the argument for a single court to hear such cases originally is strengthened.

But expedition, uniformity, and expertness might be bought at too dear a price. And it is said that this is being done—that the Commerce Court has been interfering unduly with the work of the commission, and by its decisions has unduly favored the railways. If this be true, its attitude may be due either to its personnel or to inherent shortcomings of such a tribunal. If due to its personnel, the condition can soon be remedied by changing that personnel. For example, even if the recent impeachment proceedings against Judge Archbald had not been successful, the four years for which he was assigned to the court would have expired in 1915; and, while he would have continued to be a circuit court judge, it would not have been necessary for the Chief

Justice of the Supreme Court to reassign him to the Commerce Court. After 1914 no judge who has been on the Commerce Court can serve on it again until the expiration of one year after his last service. Therefore, its personnel will constantly change. This may not be one of its merits. In fact, I consider it a demerit simply because it tends to prevent the court from becoming a really expert body—a thing that cannot be said of the commission, whose members may repeatedly be reappointed. But this does largely dispose of any criticism of the court based on its personnel.

It is contended, however, that the jurisdiction of the court is such as necessarily to bias it against the commission. It hears only suits instituted for the setting aside, annulling, or suspending of the orders of the commission. After calling attention to this, the majority of the House Committee on Interstate and Foreign Commerce said, in its report favoring the court's abolition:¹⁰

Nearly all suits brought in that court are, and will continue to be, suits against the enforcement of the commission's orders. All these suits are in fact attacks upon the commission. In all these cases the commission stands as the real defendant. These suits may be many and the charges multitudinous, but all the while there will be but one material defendant. The Commerce Court, year in and year out, must for all time, if it be continued so long, hear a never ending volume of criticism and denunciation of the commission regarding the discharge of its functions and duties. Practically every invocation of the jurisdiction of this court will be adverse to the commission. Is it possible for any five judges to remain unbiased under such conditions?

If the court became biased against the commission it would tend to overrule it. If it overruled the commission it would decide in favor of the railways. For the Supreme Court ruled in the Proctor and Gamble case that shippers cannot appeal from a decision of the commission; therefore, in the future all appeals will be made by the railways; and as the railways will appeal only cases which the commission has decided against them, if the Commerce Court reverses the commission, it will decide for the railways.

One cannot simply count up the decisions of the commission and the courts and conclude from the figures whether they are biased. There are millions of railway rates. The shippers in

¹⁰ *H. Rep.*, No. 472, 62 Cong., 2 Sess.

their complaints attack only the relatively few that they regard as most vulnerable. Therefore, it need not surprise us, nor will it necessarily reflect on railway management or indicate bias on the part of the commission, if it be found that a large part of the commission's decisions are against the railways. Again, the commission renders many decisions. Only the railways can appeal from them. They appeal only from those they deem most pregnable. If, therefore, many of the decisions of the courts reverse the commission, this raises no implication of bias against either the commission or the courts. The Commerce Court occupies the same relative position the circuit courts formerly did. Therefore, we probably can best reach a rational conclusion as to whether the Commerce Court is biased for or against the commission and is helping or interfering with its work more than the district courts would, or is manifesting a partiality for the railways on the one hand, or the shippers on the other, by comparing its decisions with those rendered by the circuit courts. Some data regarding the decisions of the Supreme Court will also yield light.

From 1887 until 1910, 58 of the commission's orders were reviewed by the circuit courts; 25 of the cases ended in the lower courts; the commission's orders were reversed in 19 of these and sustained in 6. Of the 33 cases which went to the Supreme Court the lower courts decided 21 against the commission and 12 in its favor; and the Supreme Court decided 24 of them against the commission and 9 in its favor. Therefore, prior to 1910, 69 per cent of the decisions of the lower courts, and 73 per cent of those of the Supreme Court were against the commission.¹¹ Confining ourselves to the period since the Hepburn act went into effect in 1906, we find that before the Commerce Court was created the circuit courts rendered final decisions reviewing the commission's reports in 17 cases, and upheld it in $7\frac{1}{2}$, or 44 per cent, and reversed it in $9\frac{1}{2}$, or 56 per cent. The Commerce Court up to November 13, 1912, had finally reviewed the commission in 16 cases, and had reversed it in $6\frac{1}{2}$, or 41 per cent of the total, and upheld it in $9\frac{1}{2}$, or 59 per cent of the total. The Supreme Court, from 1906 up to last March, had reviewed reports of the commission in 11 cases, and had reversed it in 5, or 45 per cent of the total, and upheld it in 6, or 55 per cent of the

¹¹ Letter of Henry S. Drinker, Jr., *Philadelphia Public Ledger*, August 13, 1912

total.¹² In other words, the Commerce Court has reversed the commission in a smaller, and upheld it in a larger proportion of cases than either the circuit courts or the Supreme Court.

Before the creation of the Commerce Court only the railways could appeal from the commission's orders. Therefore, the percentage of cases in which the circuit courts reversed the commission before 1910 is also the percentage of cases in which they decided in favor of the railways. The Supreme Court has held that shippers cannot appeal from the commission to the Commerce Court; and the percentage of cases the Supreme Court has decided against the commission is also the percentage of cases it has decided for the railways. The Commerce Court, however, soon after it began business, held that shippers could appeal to it, and, therefore, in several of the cases in which it reversed the commission it decided in favor of the shippers. Out of the 14 cases in which steam railways were involved, in which it had rendered final decisions up to November 11, it had decided 6½, or 46 per cent, in favor of the railways and 7½, or 54 per cent, against them. Therefore, the Commerce Court has rendered final decisions in favor of the railways in a smaller proportion of cases than either the circuit courts or the Supreme Court. While the court has granted 6 temporary injunctions restraining enforcement of orders of the commission, it has also refused 12 such orders.

These figures are, of course, not conclusive. Percentages, when the figures on which they are based are small, may have little significance. The figures are given merely for what they are worth and because they are the only ones available. So far as they indicate anything they point to a different conclusion as to the general attitude of the Commerce Court from that suggested by the criticism of it in the commission's annual report for 1911. The difference is due to the fact that when the commission's report was prepared the Commerce Court had been in existence only ten months while the figures here given relate to its work during twenty-one months.

Not only did the circuit courts reverse the commission oftener in proportion than has the Commerce Court, but with one exception the cases in which they reversed it were equally important. The Pacific Coast rate cases in which the Commerce Court re-

¹² These statistics are based on data given in appendices to *House Report*, No. 472, etc., and in *Senate Document*, No. 789, etc.

versed the commission were, perhaps, in point both of money and principles involved the most important ever appealed from the commission to any court. Among the cases in which the circuit courts, acting under the Hepburn act, reversed the commission was that involving the power of the commission to reduce the charge for switching cars to the Chicago stockyards from \$2 to \$1 (*I. C. C. vs. A. B. Stickney, et al.*, 215 U. S. 98); that involving the legality of the commission's order regarding the distribution of cars on the Illinois Central (*I. C. C. vs. Illinois Central R. Co.*, 215 U. S. 452); that involving the commission's order requiring the Northern Pacific to establish a new through passenger route to the Northwest (*I. C. C. vs. N. P. Ry.*, 216 U. S. 538); the Missouri River Jobbers case (*C. R. I. & P. Ry. vs. I. C. C.*, 218 U. S. 88); the Peavey Grain Elevator case (*I. C. C. vs. F. H. Peavey & Co.*, 222 U. S. 42), and the Northwestern Lumber Rate case (*I. C. C. vs. U. P. R. R.*, 222 U. S. 541). The citations here given are to the reports of the Supreme Court in these cases. In some of them the Supreme Court overruled the circuit courts and upheld the commission. Every student of the subject will at once recognize each of them as being important.

The point may be raised that the Supreme Court has reversed the Commerce Court in several cases. Up to November 11, 1912, the Supreme Court had decided six cases on appeal from the Commerce Court, reversing its decisions in four and affirming them in two. In two¹³ of the four cases in which the Commerce Court was reversed it had held it could entertain appeals of shippers, and the Supreme Court overruled it on this jurisdictional point alone; and in a third¹⁴ of these cases the railways were not involved, the proceeding being to determine the legality of an order of the commission covering the statistical reports of water carriers. Two of the other cases decided by the Supreme Court on appeal from the Commerce Court involved the question whether the latter had properly exercised its judicial discretion in issuing preliminary injunctions restraining the enforcement of orders which had been made by the commission, both of which were un-

¹³ *The Procter & Gamble Company, appellants, vs. United States; James J. Hooker, et al., appellants, vs. Martin A. Knapp, et al.; The Eagle White Lead Company, et al., appellants, vs. Interstate Commerce Commission, et al.* The last two cases mentioned were tried as one.

¹⁴ *Interstate Commerce Commission and United States, appellants, vs. Goodrich Transportation Company, et al.*

favorable to the railways. In one of these cases,¹⁵ as we have seen, the Supreme Court upheld the Commerce Court; and in the other¹⁶ reversed it. In the second case¹⁷ in which the Supreme Court upheld the Commerce Court the latter had held illegal an order of the Interstate Commerce Commission requiring interchange of traffic between two steam roads and an electric road. Therefore, in cases where the Commerce Court has ruled in favor of steam railways the Supreme Court has upheld it twice and overruled it once.

We will get further light on the attitude of the Commerce Court if we consider the reasons given by it for reversing the commission in some important cases which have not yet been passed on by the Supreme Court. One of its decisions which the commission criticised was that in *A. T. & S. F. Ry. Co., et al. vs. I. C. C., et al.* This involved an order of the commission prohibiting the railways from making an extra charge for switching cars from their main lines to industries located on spur tracks in Los Angeles. The court held that this service was different from that of switching to the railway's own depots and team tracks, and that the railway had a right to make additional charge for it. The court said:

In cases where there is a substantial conflict in the evidence or testimony on which the finding of the Commission is based we would feel bound by the finding unless clearly and palpably against the weight of the testimony; but we do not think that this Court is concluded by the finding of the Commission based upon admitted facts, which in no wise tend to substantiate the conclusion reached. . . . Where the facts are undisputed there is no occasion for facts to be found and the ultimate conclusion of the Commission is of mixed law and fact, which certainly ought not to be held to be conclusive upon this Court.

L. & N. R. R. vs. I. C. C., et al. involved an order of the commission reducing certain rates from New Orleans to Montgomery, Selma, Mobile, and Pensacola. The court said it had read and re-read the evidence with the utmost care, and added:

It is because of our inability to understand how on the facts which there appear the report before us could have been made that the difficulty under which we labor arises. . . . If the conditions dealt with in the report of the Commission are substantially as they are there described, we should have little hesitation in dismissing the petition. For even though in that case it might seem doubtful to us

¹⁵ *I. C. C. & U. S., appellants, vs. B. & O. R. R. Co.*

¹⁶ *U. S. & I. C. C., appellants, vs. B. & O. R. R. Co., et al.*

¹⁷ *B. & O. S. W. R. R. and N. & W. R. R. vs. U. S.*

whether the Commission had reached a just conclusion, it would, nevertheless, appear that there was room for differences of opinion, because different inferences were able to be drawn, and in such cases the conclusions of the Commission should be accepted as to matters thus clearly within its jurisdiction. . . . Not only is the Commission vested with a discretion which cannot be disturbed, and which we intend unqualifiedly to respect, but it is entitled to select the testimony which it will believe and rely upon according as it addresses itself to the discriminating judgment of the Commission. But it is not within the authority of the Commission to reduce the rates in this or any other case, not merely against the weight of the evidence produced to sustain them, but without anything substantial to warrant the conclusion reached or the reasons assigned therefor, and this, we are convinced, is a case of that character.

A. T. & S. F. Ry. Co., et al. vs. I. C. C., et al. was a case involving an order of the commission fixing the rate on lemons from California to eastern destinations. The rate had been \$1 per 100 pounds. Congress imposed an import duty of 50 cents per 100 pounds on lemons. The railways subsequently advanced the rate to \$1.15. The commission ordered it restored to \$1. The case turned on the question whether the commission had sought to exercise its rate-making authority to protect American lemons from foreign competition. The court decided it had, and that, therefore, its order was unlawful. It said:

The authority granted it [the Commission] under section 15 of the Act to Regulate Commerce to prescribe reasonable rates when it shall be of the opinion that the rates fixed by the carrier are unreasonable does not confer absolute or arbitrary power to act on any considerations which the Commission may deem best for the public, the shipper, and the carrier. Its order must be based on transportation considerations.

The so-called Pacific Coast rate cases¹⁸ involved orders made by the commission under the fourth (long-and-short-haul) section, as amended by the Mann-Elkins Act of 1910. This section prohibits a carrier from charging a higher rate for a shorter than for a longer haul; provided, however, that the commission may make exceptions to this rule and prescribe the extent to which the carrier may be relieved from its operation. It was conceded by the commission that the delegation of legislative power in the fourth section was unconstitutional unless Congress elsewhere in the act had laid down the rule according to which the commission should administer the fourth section; and it decided that Congress had

¹⁸ *A. T. & S. F. Ry. Co., et al. vs. U. S.; U. P. R. R. Co., et al. vs. U. S.; I. C. C., City of Spokane, et al., interveners.*

laid down the rule in sections 1 and 3, which provide that all rates shall be reasonable and not unfairly discriminatory. The commission recognized the controlling force of water competition on the Pacific coast, and that this competition might compel the railways to accept rates to the coast which were unreasonably low *per se*. But it found the rates charged from eastern points to Spokane and other intermountain points excessive and unfairly discriminatory as compared with those to the coast. Without prescribing the exact rates which the railways should charge to either the coast or the interior, it prohibited them from in future charging any higher rates from St. Paul and the Missouri River to the intermountain points than to the coast, and from charging from farther east to intermountain points rates which should be more than certain percentages higher than those to the coast. The railways contended that the commission's order exceeded its statutory power, and the Commerce Court so held. The court's position was that the law authorized the commission to fix specific reasonable and non-discriminatory rates, and, when the fourth section was involved, to determine the extent to which the carrier might be relieved from the operation of the long-and-short-haul provision. The commission had not fixed nor based its order on any specific rates at all. For example, it did not forbid the carriers to make a higher rate from the Missouri River to the intermountain points than their *then existing* rate to the coast, but it forbade them to make a higher rate to the intermountain points *than any rate that they might ever make* to the coast.

"In other words," said the Commerce Court, "if the carrier from St. Paul in order to meet new water competition from New York should reduce the St. Paul-Seattle rate to a point less than at present and less than a rate reasonable *per se*, but nevertheless somewhat remunerative, it would be compelled, under this order, to grant the same rate to the interior point, even though, under these circumstances, a reasonable rate to the interior point higher than the unreasonable low rate to the coast point forced upon the carrier by such market competition under penalty of losing the business would not be in violation of section 1 or of any other provision of the act. . . . In so far as the Commission attempts thus to determine the relation of the long and short haul rates, irrespective of absolute rates it goes beyond any authority that has been vested in it, for it is not in the power of the Commission to say that 100 per cent, 107 per cent, or any given percentage of an unknown less than reasonable and non-discriminatory rate from the same point of origin to an interior point."

The court's decision in the Pacific Coast switching case¹⁹ seems to follow closely the decision of the Supreme Court²⁰ in which the latter upheld a terminal charge of \$2 a car for delivering live-stock to the Union Stock Yards in Chicago. Its decision in the Louisville and Nashville case seems to fall within the rule laid down by the Supreme Court in the Northern Pacific through-route case, that where there is no room for difference as to the facts the courts may set aside orders of the commission. Of course, the Supreme Court may hold that the court was mistaken, and that there was room for difference as to the facts. The decision in the lemon rate case seems to be patterned exactly after the decision of the Supreme Court in the Willamette Valley lumber case. The decision in the Pacific Coast rate cases involved the construction of the amended fourth section, the correct interpretation of which is so very doubtful that hardly any two lawyers, whether those of railways or those of shippers, agree regarding it.

The foregoing discussion has led to several definite conclusions regarding the points involved in the Commerce Court controversy. These are that as the law now stands: First, the cost of maintaining the Commerce Court is not a needless expense. Second, expedition in the hearing of rate cases is desirable, and has been increased under the Commerce Court act. Third, the present jurisdiction of the courts over questions of law and over mixed questions of law and fact involved in rate cases is such that expert knowledge on the part of the judges that decide them and uniformity in their decisions are highly desirable. Fourth, the Commerce Court has not manifested a greater tendency to interfere with the work of the commission than other federal courts have or probably would, but has upheld it in a larger proportion of cases than the circuit courts or the Supreme Court. Fifth, the court has not manifested a bias in favor of the railways, for it has decided a larger proportion of cases against them than either the circuit courts or the Supreme Court. Sixth, the Commerce Court, by holding that shippers might appeal from the commission to it, did assume a wider jurisdiction than the law gives it, but its decisions in the important cases in which it has overruled the commission have apparently followed closely precedents estab-

¹⁹ *A. T. & S. F. Ry. Co., et al. vs. I. C. C., et al.*

²⁰ *I. C. C. vs. Stickney*, 215 U. S., 105.

lished by the Supreme Court. The case for the court's abolition has not been established; not, at least, on the grounds assigned.

All these things may be true, and yet the present system of federal regulation may be defective because of faults in the statutes which created the Interstate Commerce Commission and the Commerce Court and under which they work. It may be that the law should make clear that the courts are not to review the commission on issues of fact at all. This unquestionably would reduce the importance of having a special court to review the commission's decisions. When Attorney General Wickersham testified before the House Committee during the hearings on the Commerce Court question he suggested that if Congress desired to limit review by the courts absolutely to questions of law it might do so by passing legislation (1) requiring the commission to state in each report its findings of fact and the reasons on which its order is based; (2) providing that all findings of fact and conclusions of policy appearing in its reports shall be final and conclusive; (3) specifically limiting review by the courts to questions of law arising on the commission's report. As we have seen, it is contended by some lawyers that the carrier has a constitutional right to a reasonable compensation for each service. On this theory the question of fact as to the reasonableness of each rate is really a constitutional question, and the power of the courts to pass on it cannot be restricted.

Assuming, however, that such legislation as Mr. Wickersham suggested would be valid, the question arises as to whether it would be expedient. If the Commerce Court has any power under the present law to review the commission's findings of fact, it is a power which, under the decisions of the Supreme Court, is very limited and should be exercised only when the court thinks the commission clearly wrong. Compared with the number of orders the commission issues, the number of appeals made from it is small. Conceding that it is the best equipped body to determine and prescribe reasonable rates, does it follow that it will never make mistakes which a reviewing body, although less expert, might detect, and which it might be desirable to have corrected? It will be recalled that the majority of the House Committee in its report favoring the abolition of the Commerce Court contended, for reasons which it set forth, that the Commerce Court could not remain impartial toward the commission. Does not the committee's reasoning regarding the attitude of the court

toward the commission apply with much more force to the attitude of the commission toward the railways? The commission is a nominal rather than a real party to proceedings before the court. The railways are real parties with a pecuniary interest to proceedings before the commission; and perhaps we might, with no injustice, paraphrase the language the committee used regarding the court, and say, "the commission year in and year out must for all time hear a never-ending volume of criticism and denunciation of the railways regarding their discharge of their functions and duties. Practically every invocation of the jurisdiction of the commission will be adverse to the railways. Is it possible for any seven commissioners to remain unbiased under such conditions?"

Besides its function of determining and prescribing reasonable rates, the commission has also to perform the executive duty of enforcing the laws against the railways. Judge Prouty, until recently chairman of the commission, in an address before the American Bar Association on August 26, 1907, said:

That commission under the present law is charged with two sets of duties requiring diverse qualifications for their discharge. It stands, first, as the representative of the government to see that these highways are in fact public. It is commanded to enforce the provisions of the act to regulate commerce. It must see that the rates are reasonable and just; that the practices and regulations of railways are not oppressive; that the penalties provided by the act are enforced. . . . Second, this commission is in essence a judicial tribunal which hears and decides complaints. The qualifications of such a body are the exact opposite of the other. . . . I very much doubt whether the same body can properly discharge both these functions. In the end it will either become remiss in its executive duties or will, in the zeal of those, become unfit for the dispassionate performance of its judicial functions. Whatever may have been true in the past, the time has come when the commission should be relieved of all its duties except the hearing and deciding of complaints.

The recommendation made in the last sentence quoted has never been adopted. The commission is still not only the judge of the railways in rate cases, but also an agency for detecting their offenses and for instituting prosecutions against them. It would not be surprising, therefore, if the commission were not wholly impartial toward the railways. That it means to be fair goes without saying; its members are able and honorable men. But it is well within the bounds of conservatism and sobriety to say that most railway officers, at least, do not think that the com-

mission is an entirely impartial body; and their opinion cannot be wholly ignored. In these circumstances it seems very questionable if it would be fair or expedient to make the commission the sole, final judge of the facts in rate cases without at the same time so amending the law as to remove the commission from every influence that may tend to impair its impartiality. In the speech already quoted Judge Prouty added:

It must be admitted, however, that the objection to combining in the same person the duties of a prosecutor and a trier is a wise one, which should seldom be contravened. While the orders of the commission were unimportant and subject to review in the courts, the union of these two functions may have been well enough. Plainly a different question would be presented were the jurisdiction of the commission extensive and its decision final. That practical situation has now arisen.

This "practical situation" would arise much more emphatically if the commission by express statutory enactment were constituted the sole judge of the facts in all rate cases, and its findings were made binding on the courts.

SAMUEL O. DUNN.

Chicago.

NOTE.—Since this article was put in type the Supreme Court of the United States has rendered an opinion in the case of *I. C. C. and U. S. appellants vs. L. & N. R. R. Co.*, in which the views expressed in the text as to the limitations on the power of the Interstate Commerce Commission are sustained. This decision seems to give the courts even more authority to review the reports of the commission than I had sought in this article to show they possessed. In this case counsel for the government insisted that when the commission, in the exercise of the authority given by the Hepburn act, made an order setting a rate aside, its finding was conclusive even if it was wholly without substantial evidence to support it, provided confiscation was not involved. Counsel for the government even contended that the commission could issue a valid order in a case based upon information in its possession, and not upon testimony introduced at the hearing. The Supreme Court repudiates this entire doctrine.

METHODS OF BUSINESS FORECASTING BASED ON FUNDAMENTAL STATISTICS

A business man succeeds or fails in proportion to his ability to forecast the future trend of the influences determining the relation of supply and demand in his business. Some of these influences are technical and concern his particular business without affecting other lines; others are of a general nature and affect all lines of business definitely and vitally.

Some men form their judgment of these fundamental business factors from reading newspapers and trade journals. Others arrive at their opinion of the trend of affairs by observing the changes in statistics of trade and finance. Still others, going further, have made graphic charts based upon statistics of fundamental conditions, and have attempted from these graphic pictures of the past history of business to deduce laws of trade in accordance with which the future of business may be foretold. It is our purpose here to discuss the different methods of forecasting which have been based upon these various mechanical illustrations of the trend of business conditions.

Of those students of economic conditions who have attempted to develop a method of forecasting business conditions I have selected four for discussion. Two of these, namely, Stanley Jevons, the English economist, and Samuel Benner, an Ohio farmer, published the results of their investigations about thirty years ago.¹ A third, Mr. Roger W. Babson, of Massachusetts, has published the results of his studies within the past three years. The fourth is the economist, Professor Irving Fisher, of Yale University, whose first forecast appeared in the June number of the *AMERICAN ECONOMIC REVIEW* for 1911.

According to the method used these business forecasters may be divided into two classes: first, those who construct a chart or diagram and let it do the forecasting; and, second, those who use the cartographical device merely as a basis to judge the trend of

¹The juxtaposition of the names Jevons and Benner may seem rather incongruous. In extenuation it may be said that Benner deserves to be given prominence as the pioneer in the work of systematically forecasting business conditions in this country. Furthermore, while his writings received little if any recognition among economists, he had for a time a considerable following among business men. His methods, although crude, are not without points of resemblance to some at present in use.

conditions and attempt in addition to diagnose the future outlook of such factors as crops and politics before making a forecast. Under the first method there is no need of considering anything but the chart, for whether we have good crops and settled politics or crop failure and political discontent, it is supposed to forecast prosperity or depression with the scientific precision with which we can predict that spring and summer will be followed by fall and winter. Under the second method, however, the chart or diagram is insufficient as a forecaster. Human judgment is an additional requirement.

Of the four students mentioned, three, Jevons, Benner, and Babson, forecast by the first method, that is, the charts do the forecasting for them. Professor Fisher's diagram, however, gives a picture of past conditions and shows the trend of affairs, but does not imply an inevitable tendency for the future.

As to which method is the better, "the proof of the pudding is in the eating." I will therefore take up the work of each student of the subject in order and show what he has attempted to do, the method used, and the success attained. Before making a practical test of each case, however, I would postulate that no method of forecasting business conditions can be efficient or benefit the commercial world which does not take account of the three fundamental factors of primary importance, namely, crops, politics, and the condition of banking credit.

The purpose of the investigations of Jevons was to show that commercial crises were periodic, being caused by periodic changes in the solar influences which determine weather conditions. As weather conditions determine the yield of the harvests, and since a failure of the crops always causes depression in business, all that was necessary to prove the periodicity of commercial crises, thought Jevons, was to demonstrate the periodicity of the weather conditions which cause deficient harvests. Believing that he had found something in meteorological theories to help him, he conducted a series of investigations based on the hypothesis that the periodicity of commercial crises was caused by periodic variations in the frequency of the sun-spots. Probably a reason for making this supposition was that contemporary astronomers had concluded that the duration of a sun-spot period was about ten or eleven years, which corresponded strikingly with the interval between commercial crises in England.

In support of his hypothesis Jevons in 1878 published

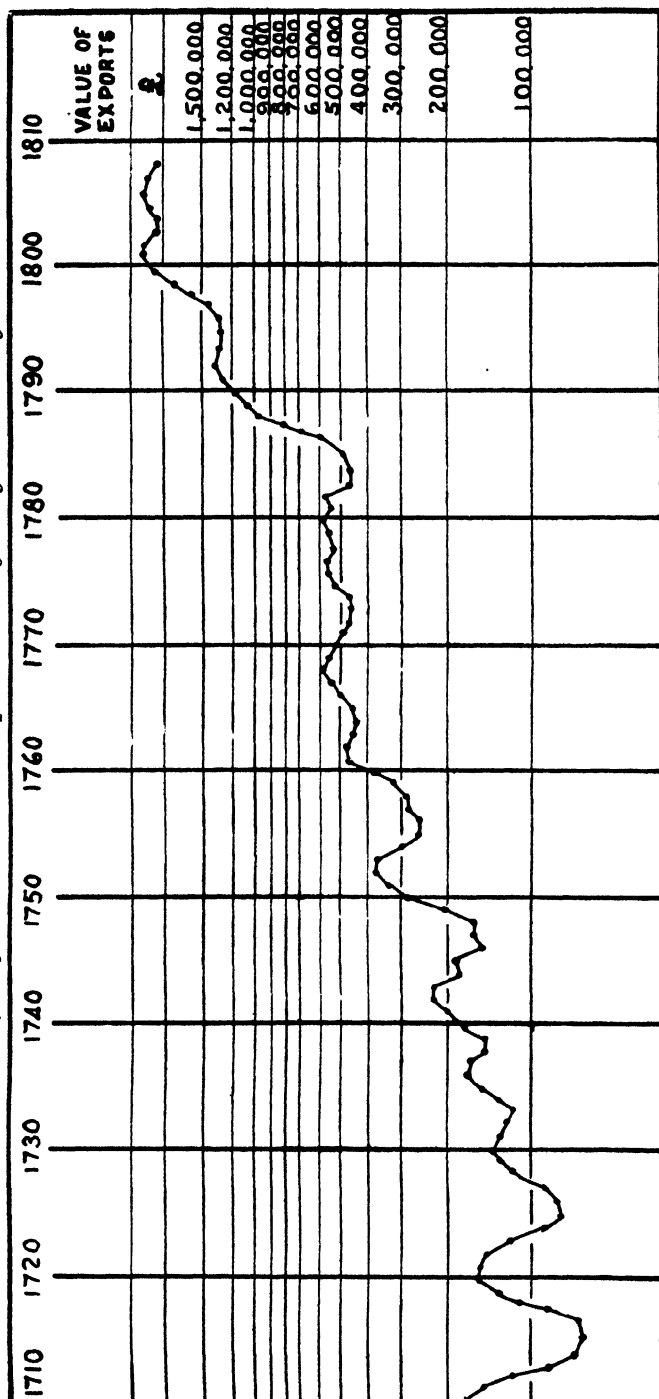
graphic charts of the statistics of exports from Great Britain to India and several American states, the most interesting of which was a diagram (see Chart A) showing a rhythmic fluctuation in the amount of English goods exported to India covering a period of one hundred and seventy years, and which showed a low ebb in foreign trade on an average of once in ten years. These cycles in exports were due to the periodic variations in tropical harvests, for when the harvests failed, the famine-stricken ryot of India could not buy the textiles of Lancashire. The result of the consequent falling off in exports was a commercial crisis in England, entailing numerous bankruptcies, and followed by a period of depression, which continued until the harvests of India again furnished a surplus which could be exchanged for English goods. These periodic variations in tropical harvests, Jevons professed to believe, corresponded with the solar periods.

But while these charts showed periodic effects, there is no conclusive evidence as to the cause, for the conclusions of the astronomers regarding sun-spot cycles have not yet approximated scientific laws, but are merely hypotheses, and therefore of no certain utility as a basis for predicting when we shall have crop failures. The chart of Jevons, moreover, showed that there were no distinctive periodic fluctuations in the exports to non-tropical countries, such as the New England states, so that the efforts of Jevons to deduce laws of trade from a chart which would serve as a mechanical forecaster of business conditions were not successful, and it may be added that further economic investigations seeking to correlate commercial conditions with solar influences must be deferred until astronomers can tell us more about the sun. It is a peculiar fact, however, that although nothing conclusive has ever been established regarding the periodicity of panics, many economists of scientific standing have clung to Jevons' hypothesis of ten-year cycles as if it were a law, although really it is nothing more than a superstition as unfounded as the notion that thirteen is an unlucky number.

But even if Jevons had been successful in establishing a law of periodicity in commercial crises, it would not serve as an adequate basis for forecasting business in the United States, because, as stated above, any efficient method of forecasting business must take account of crops, politics, and banking conditions; and Jevons considered only crops. It is hardly fair to criticise Jevons on this score, however, as he was interested merely in tracing the origin

CHART A.

Jevons' chart of English merchandise exports, showing ten-year trade cycles.



of commercial crises to planetary causes, and did not attempt to develop a system of forecasting business from year to year.

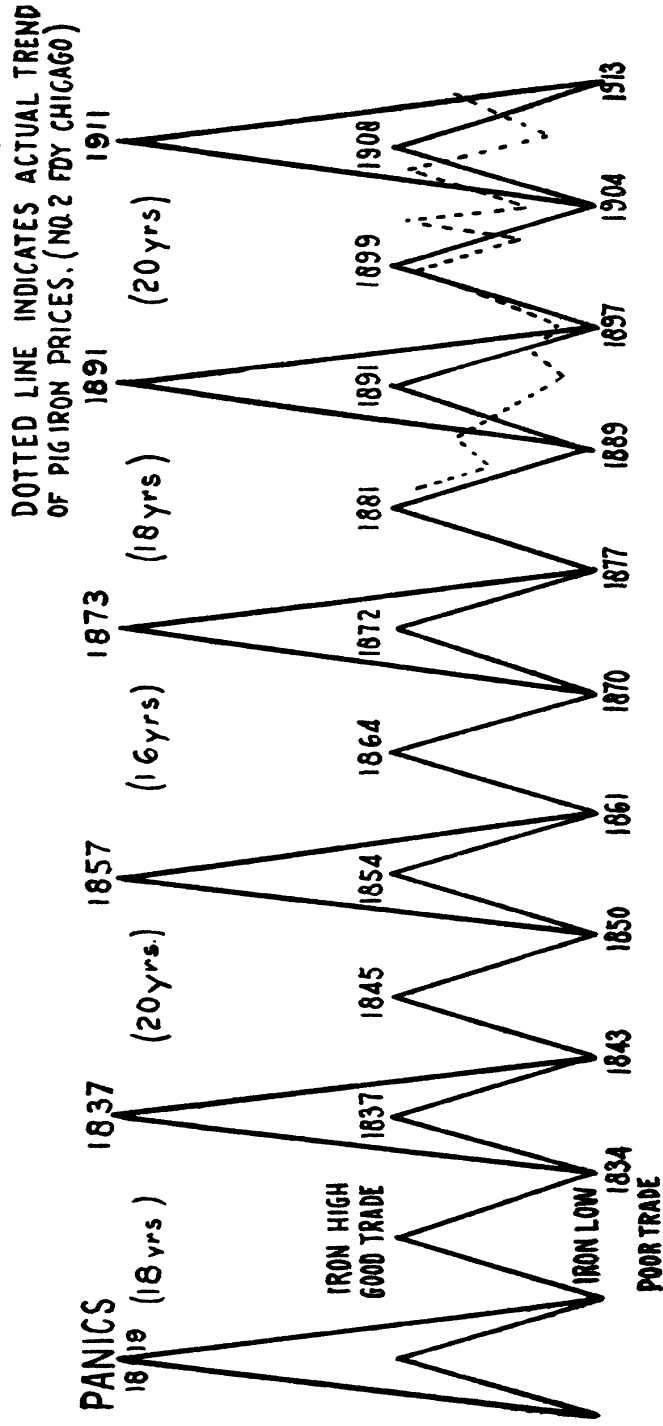
Benner, however, formulated an hypothesis from which he believed it possible to forecast panics and cycles of "ups and downs" in prices with certainty, and though confessing ignorance of the causes determining these cycles, he assumed that their periodic appearance could be expected "with as much certainty and astronomical exactness as the return of the eclipses of the sun and moon." His theory of price cycles was stated in his so-called "Cast Iron Rule," which was that "one extreme invariably follows another in all the operations of nature, in all the business affairs of man, and in all the ramifications of trade and industry." This rule when applied to the fluctuations of prices through a series of years he considered "as persistent as the attractive and repulsive forces of the magnet, and as unchangeable as the laws of the Medes and Persians."

In verification of this theory of price cycles Benner published several diagrams, the most important of which was a diagram of the ups and downs in pig iron prices (see Chart B), showing that from 1837 to 1888 pig iron cycles occurred at successive periods of eight, nine, and ten years, and also that in broad cycles of fifty-four years there were panics returning in successive periods of sixteen, eighteen, and twenty years. According to this diagram panics were to occur in 1891, 1911, 1918, etc., but as it turned out they occurred in 1893 and 1907. Pig iron cycles should have culminated in 1891, 1899, 1908, etc., but in all these years except one pig iron prices were very low, and several points have been reached in the course of pig iron prices which did not correspond to Mr. Benner's "Cast Iron Rule" as illustrated by his diagram. It is evident, therefore, that his attempt to produce a chart which would forecast business conditions was unsatisfactory, and his method unworkable.

I would say, however, that in attaching importance to price cycles Mr. Benner was on the right track, and his work is highly suggestive, but he did not seem to have a clear understanding of what are called fundamental conditions. Though a keen observer, he did not discern the causes which produced the conditions of alternating prosperity and depression. He believed a high tariff together with greenbacks and a free silver currency to be necessary to prosperity, and the converse the cause of depression, while we know that the fear of cheap money legislation

CHART B.

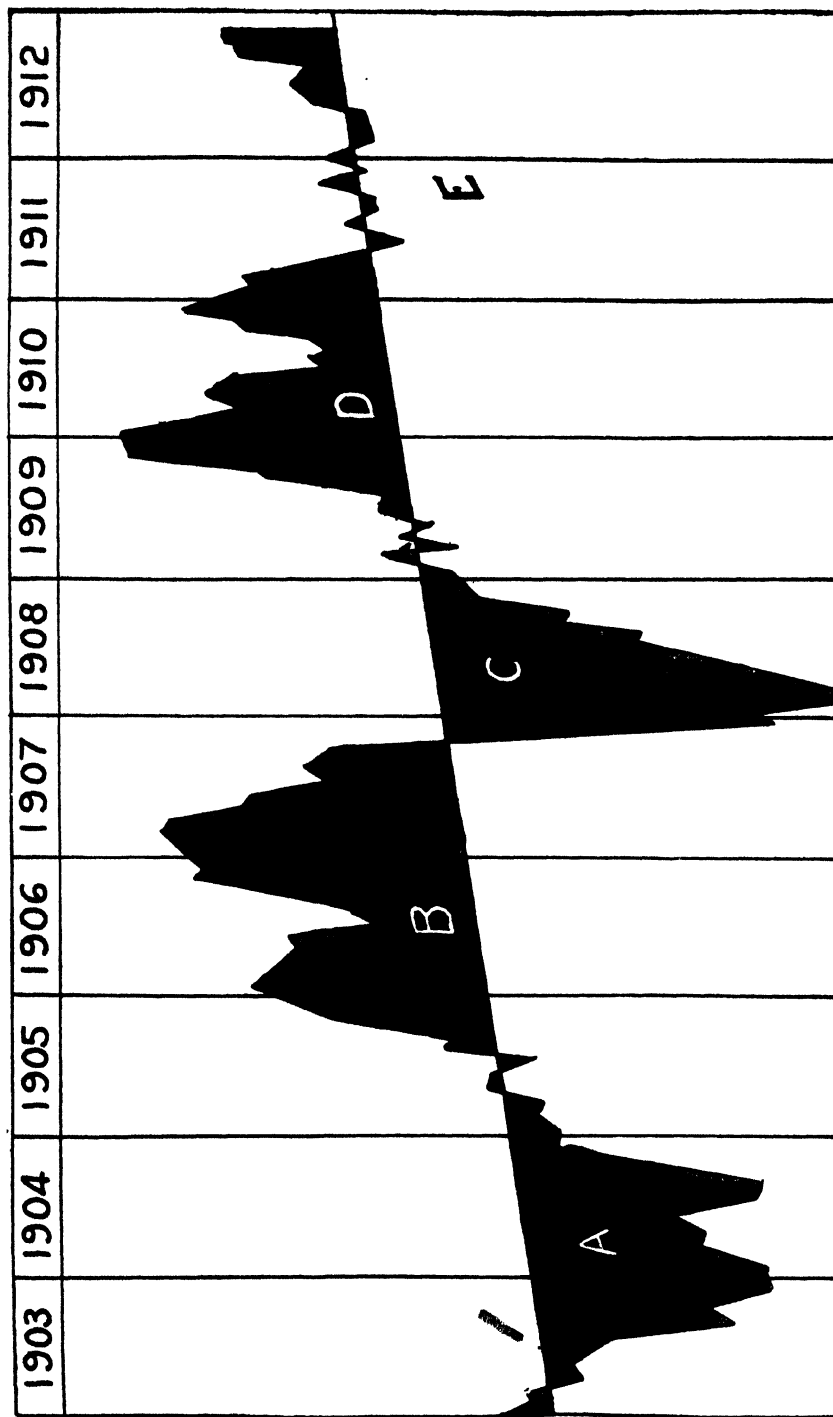
Benner's cycles of pig iron prices, showing periodic ups and downs in business.



caused the panic of 1893, and a collapse of banking credit the panic of 1907. In spite of his crude notions about the influences determining business conditions, however, Mr. Benner's *Book of Prophecies*, published in 1875 and in later revised editions, did much toward the advancement of the study of fundamental conditions and deservedly attracted a great deal of attention among business men.

In the last edition of his *Prophecies*, published in 1900, Mr. Benner concluded his forecast with the remark that he had been in poor health for some time—"the spirit of prophecy had nearly departed"—and hoped that "some enthusiastic and ambitious person would take up the subject of Benner's *Book of Prophecies*, bring the tables and prices up to date, and extend the cycles into the far future." The number of forecasters now in the field bears witness that his prayer has been answered. In fact, the "Theory of Action and Reaction" which Mr. Babson professes as the basis of his method of forecasting business, is the same idea, in the terminology of physics, as Mr. Benner's "Cast Iron Rule" that "one extreme invariably follows another." Mr. Babson goes one step further than Mr. Benner, however, and says that "action and reaction are equal," considering not merely the intensity of each extreme but also the time of action. To illustrate this theory, he plots statistics of business and financial factors above and below a line which represents the normal growth of the country's business (see Chart C), and says that the area within the graph above the line must equal the area below the line, that is, the "areas of prosperity and depression must be equal."

Now, this theory of action and reaction is scientifically correct for past periods for which the normal growth can be calculated from statistical data, for the reason that the line of "normal growth" is itself really an average of past business conditions. It might also be true of the future if there were no change in the normal increase of the volume of business. There are two factors, however, which may prevent new "areas" from being formed as might be expected from the trend of past areas and line of normal growth. These factors are politics and crops. For politics may so depress business and thus intensify and prolong the area below the normal line of growth that it will much more than equal the preceding area of prosperity above the line. This situation would doubtless be found in the period of depression from 1892 to 1897, if the area formed during this period were constructed below the



line of growth for the ten years preceding. Similarly, crop failures may also continue a depressed area. But a good harvest or a succession of good crops may come just when the area of prosperity above the line is vanishing, and this would check the downward tendency of the area below the line so that it would not equal the preceding area above the line. In fact, according to the theory that action and reaction are equal, an area below the line should have developed during the latter part of 1911 and the year 1912, but as a matter of history this area has not materialized as the theory requires. This the author explains by saying that "owing to the increased study of fundamental conditions these areas should slowly decrease in size," the area now to be developed below the line being smaller than the preceding area above the line. This explanation, of course, virtually rejects the theory that action and reaction must be equal, and intimates that like the swings of a pendulum, the areas above and below the line will grow smaller with each oscillation. And since we believe that the principle of equality of action and reaction is true, as applied to past conditions where it is mathematically possible to make allowances for abnormal crop and political tendencies, we are inclined to believe that the inherent defect in the area plot lies in the impossibility of accurately predetermining the line of normal growth. All students of the subject recognize the fact that this line changes from year to year and that it is therefore subject to revision, but this necessity of constant revision of the line of normal growth vitiates the worth of the area plot as a device intended to serve as a mechanical forecaster of business conditions, for obviously the newest area will not equal the area preceding until the plot is reconstructed. Therefore, instead of being a machine which will forecast conditions, it serves only as a picture of past conditions. As such, it can be used to some extent as a basis of judging the future, if separate cognizance is taken of the crop and political outlook at all times, but this use is extremely limited because during a period of prosperity there is nothing in the area plot which will tell when a panic or period of liquidation may be expected. For in order to forecast a reaction in business, it is necessary to have an accurate knowledge of the condition of banking credit, and although banking factors are included in the area plot, they are averaged in with the business factors so that their especial value as a business barometer is obscured.

Recapitulating, the theory of action and reaction is true of past conditions, but neither this theory nor the area plot will serve as a mechanical business forecaster complete in and of itself. And although the area plot, properly constructed, would have some value as a basis of judging the trend of affairs if the outlook for crops and politics be considered separately, still its use in forecasting is extremely limited, since it does not give us an accurate knowledge of banking conditions, the most important of all fundamentals in any method of forecasting.

In contrast with the three preceding students who have attempted to forecast business conditions by the use of charted statistics, the work of Professor Irving Fisher differs both as to method and factors used. It will be remembered that Jevons sought to correlate commercial crises with the fixed tendencies of solar influences, that Benner sought to show that panics were periodic, and that Babson, while forswearing temporal periodicity, professes to believe in periodicity in plotted areas. In each case the future had to conform to the past trend of the chart or diagram. The diagram illustrating Professor Fisher's "Equation of Exchange," however, is used, not as a mechanical forecaster in and of itself, but merely as a picture of past and present conditions. The future is not indicated, but must be judged from the general outlook, using the diagram as a guide. Not only in method, but also with regard to the factors used does Fisher differ from others, for while statistics of foreign trade were charted by Jevons, pig iron prices by Benner, and financial and trade statistics by Babson, Fisher depends mainly upon banking statistics.

In discussing his "Equation of Exchange," however, it must be said that he, like Jevons, was not primarily interested in developing a method of forecasting business, but devised his diagram to illustrate the quantity theory of money.²

In his "Equation" Fisher has with approximate accuracy discovered the velocity of circulation of money, the first time in history that this achievement has been accomplished. The feature which serves as a basis of forecasting, however, is the velocity of

² The Equation of Exchange is

$$M V + M' V' = P T.$$

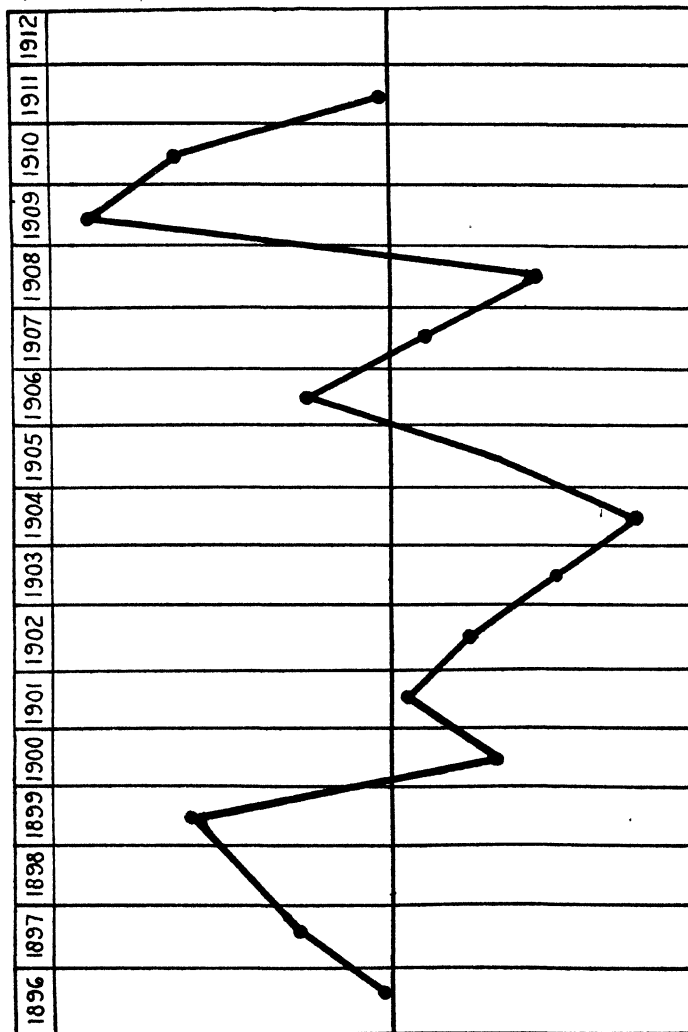
M and M' represent respectively the amount of money and checkable deposits in the country, V and V' respectively representing the velocity of circulation of money and checks. P stands for the price level and T for the volume of trade. (See *Purchasing Power of Money*, p. 48.)

check circulation, or the rate at which checks are passed from hand to hand. The French economist Des Essars says that the greatest velocity of checkable deposits is attained in the year the crisis arrives. Professor Fisher says his estimates for this country show the greatest velocity at least a year before the crisis, the maximum velocity having been reached in 1899, 1901, 1906, and 1909, in each case preceding the year in which prosperity culminated.

It seems to be pretty well established that the velocity of deposit currency increases during business improvement and decreases during industrial depression, so that theoretically it should prove a good barometer of business conditions. The chief impediment to its use as such heretofore has been the absence of accurate statistics. In fact, Fisher's figures for velocities between 1896 and 1909 are interpolations, there being no data in existence from which computations could be made. Moreover, a chart of Fisher's estimates of the velocity of check circulation, the normal growth having been eliminated, shows that there is no dependable tendency from which the degree of normality of conditions can be judged (see Chart D). It would appear, therefore, assuming that the activity of deposits is a good barometer, that the chief defect in the "Equation of Exchange," from the standpoint of business forecasting, lies in the fact that it has been necessary to base calculations of the velocities of deposit currency upon statistics which are admittedly far from accurate. Before the "Equation of Exchange" can become serviceable to the business world as an aid in forecasting the trend of conditions, it will be necessary that the statistical data be obtained more accurately, as well as more frequently, than the present yearly estimates.

From the foregoing it is evident that the attempts to produce a chart which would serve as a mechanical forecaster of business conditions have been unsuccessful, and rationally such a result should be expected, for the ups and downs in business do not return with the regularity of the changes of the seasons, and therefore cannot be forecasted years ahead of time, except conditionally. The role of the successful business forecaster must be analogous to that of the weather forecaster, who finds a dependable basis for his work in the planetary movements which determine the seasons of the year, but whose immediate forecasts of snow, rain, heat, and cold must be based upon conditions actually existing in other sections of the terrestrial atmosphere, and qual-

Chart D.—*Fisher's estimates of the velocity of circulation of bank checks.*
(Normal Growth (2%) eliminated.)



Velocity of Check Circulation.

Year	Actual	Normal growth eliminated
1896	37.	37.
1897	39.	38.2
1898	40.5	38.9
1899	42.	39.6
1900	38.5	38.6
1901	40.5	36.7
1902	40.5	36.0
1903	40.	34.8
1904	39.5	33.7
1905	42.5	35.6
1906	46.5	38.1
1907	45.5	36.6
1908	44.5	35.1
1909	53.	41.0
1910	52.5	39.8
1911	50.	37.1

NOTE.—Actual figures for velocity are those shown in Prof. Irving Fisher's "Equation of Exchange."

ified with regard to the direction of the wind. If there is a sudden shifting of the wind, the forecast must accordingly be modified. Similarly, the business forecaster can predicate his forecasts upon the general trend of fundamental conditions, but his forecasts, like those of the weather man, must be based on conditions actually existing, particularly in the money market, and conditioned as to the future political and crop outlook. With any change in the political, crop, or international money outlook, the forecast must be modified accordingly.

As a guide to judging future business conditions according to the above method, I have constructed a "Composite Chart of Fundamentals" (see Chart E). This chart comprises a business graph, a banking graph, and a graph to show the trend of thirty-two leading stocks.

In constructing these graphs each factor included has been tested separately and only those have been chosen which are good barometers in themselves. The business graph reflects an average of the monthly statistics of bank clearings, railroad earnings, pig iron production and prices, commodity prices, imports, building, and immigration. The factors used in the banking graph are reserves, deposits, the rate of commercial paper, the percentage of loans to deposits, and the percentage of reserves to loans.

It is absolutely necessary to obtain barometer figures for each factor separately before combining all factors, because some factors manifest a seasonal variation which must be eliminated, while others show a normal growth which must be reduced to a normal after determining upon a base year. Thus, bank clearings, railroad earnings, and pig iron production vary from month to month and show an increasing tendency over a period of years; money rates show a seasonal variation but no normal growth to speak of; while pig iron prices are a very good single barometer without eliminating either seasonal variation or normal growth. The great advantage of treating each factor separately is easily evident, for a sudden change in the growth of any one will make little difference when averaged with the rest, while in Mr. Babson's "Area Plot," the location of the whole area is changed by changing the single line of normal growth.

In the preliminary work of developing the "Composite Chart of Fundamentals" several factors other than those above mentioned were tentatively included and then rejected, such as the statistics for idle cars and for copper production and prices. But in case

of idle cars the number is such a small proportion of the total number of cars in the country that the statistics of idle cars alone show fluctuations too violent to be used as a dependable barometer. On the other hand, copper prices are a sensitive and reliable barometer of industrial conditions, but the fact that one half the copper produced in this country is exported makes it inadvisable to include copper statistics in the business graph, for during a period of dull business in this country a spurt in the foreign demand for copper may cause a rise to prosperity prices. This is what happened during the first half of 1912.

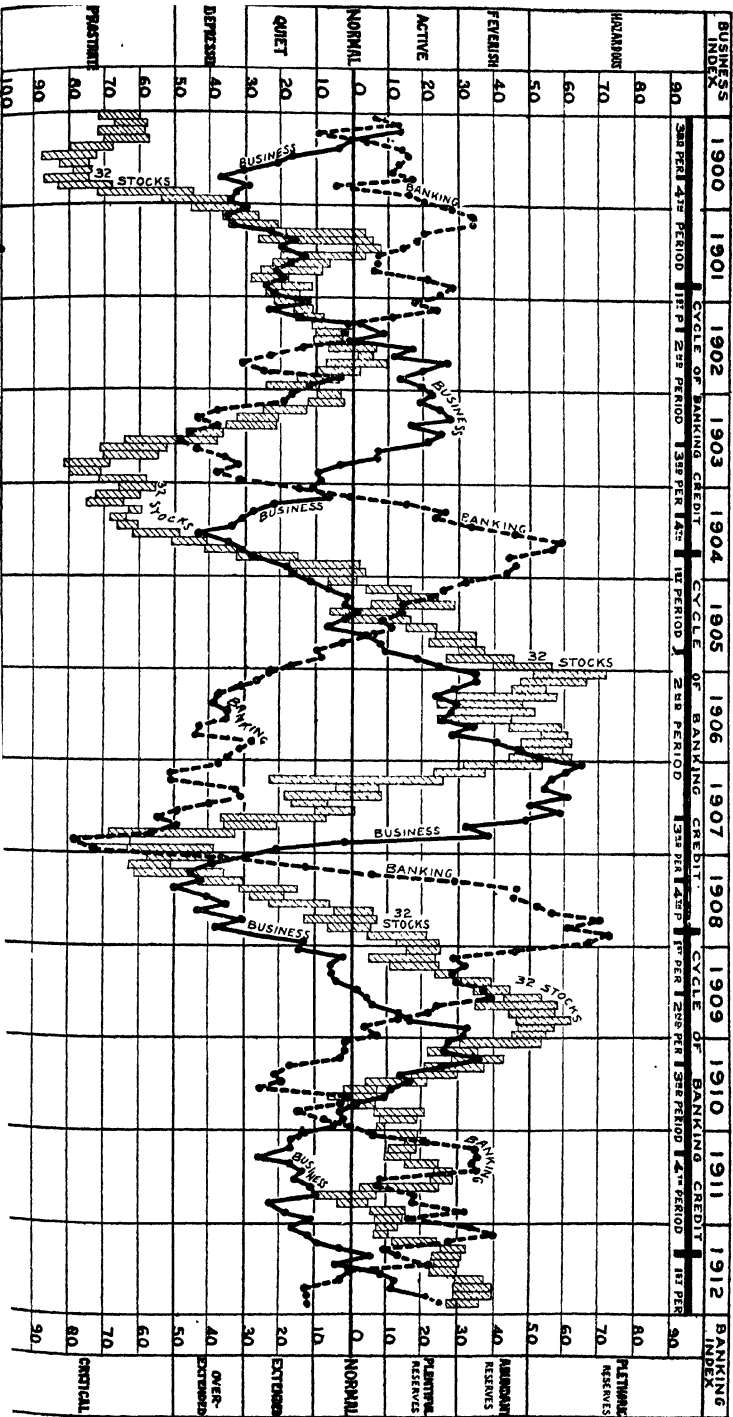
By dividing the composite chart into periods or cycles, which are well defined, its utility as a basis of forecasting is enhanced, and since the crisis which marks the culmination of each cycle is generally caused by the collapse of our credit system, these periodic divisions of the chart may be called "Cycles of Banking Credit." These cycles usually last about four years, due to the fact that business generally halts until the result of the presidential election can be ascertained, and after expanding for two or three years suffers a reaction because banking credit becomes over-extended and collapses, owing to vital but remediable defects in our banking system, chief of which is the lack of a central bank to control the minimum discount rate of the country, for, as Professor Irving Fisher, in his *Purchasing Power of Money*, has so strongly enunciated, "the incubation period of a crisis is largely due to the sluggishness with which the rate of interest adjusts itself to changes in prices, coupled with the fact that this inadequacy in the adjustment of the rate of interest itself stimulates and aggravates the rise in prices." After business has thus been checked, a new period of expansion is generally deferred until after the next presidential election. It is evident that the duration of these cycles is not a constant quantity, as would be a cycle determined by astronomical causes, for a thorough reform of our banking system and a change in the length of the presidential term would doubtless lengthen the credit period and bring about a notable change in the effect of political influences upon business.

During each credit cycle business conditions pass through four stages or periods as follows: (1) Improvement; (2) Prosperity; (3) Liquidation; (4) Readjustment.

In order to have a period of business improvement three favorable fundamental conditions are required, namely, good crops, satisfactory politics, and easy money conditions. A rise in the

CHART E.

Brookmire's composite chart of business, banking, and investment conditions, showing cycles of banking credit.



stock market for three or four months always precedes and forecasts business improvement. The business man will find the stock market a reliable barometer, because its movements at all times reflect the best judgment of the world's most far-sighted financiers regarding the business outlook. Accordingly, when a rise in the level of security prices foretells improvement, the merchant or manufacturer may plan to push his sales and increase his stock of goods with confidence, for a period of improvement is accompanied by rising prices of nearly all goods, and the earlier preparation is made, the greater will be the profits. The question naturally suggests itself, however, When is the business man to be warned of the culmination of the period of prosperity which follows the period of improvement? The answer is that the banking graph is a very reliable barometer, for during the period of prosperity the banking graph falls, indicating that the resources of the banks are being drained off into the avenues of commerce. When the banking graph indicates that the reserves are as low as the law allows, the banks call the loans of such of their customers as have borrowed money on call to buy securities, thus forcing security liquidation. The money which the banks thus obtain is loaned to merchants and manufacturers. But during the forced sale of securities which attends this transfer of funds from stock exchange borrowers to the commercial demand, security prices are lowered ruinously, and the stock market graph rapidly falls, and here again the business man will find his best friend in the stock market graph. For when the banks have reached the limit of security selling, and can no longer obtain money in this direction, there is no alternative but to refuse to renew the loans of commercial borrowers. The result is that merchants sell their goods at sacrifice prices to pay up at the banks, and there is general liquidation throughout the entire business world. As indicated above, however, this situation is always forecasted by the fall in the banking and stock market graphs, the stock market especially being an invaluable barometer to the business man in warning him of a period of declining prices and business reaction. Following the period of liquidation comes the period of readjustment, and the cycle is complete when a rise in the stock market portends the period of improvement of a new cycle.

JAMES H. BROOKMIRE.

St. Louis.

THE TARIFF BOARD AND WOOL LEGISLATION¹

During the second session of the Sixty-second Congress no less than six different bills were offered in the Senate and House as revisions of the tariff schedule levying duties on wool and manufactures of wool. All of these bills, although differing widely from each other, were claimed by their framers to be based upon, or at least not at variance with, the findings of the Tariff Board in its report on Schedule K. Even the Democrats in their long attack on this report said in conclusion: "So far as conclusions can be drawn from the Board's report, it furnishes nothing to justify any change in the rates proposed in H. R. 11019."² Democrats, Progressives, and Republicans alike justified the rates in their respective bills by the facts and figures of the Tariff Board's report. Naturally, all this was quite confusing to the average citizen and he asked repeatedly: "Why did not the Tariff Board recommend rates to Congress? And if it had undertaken this task, what rates would it have recommended?"

In answer to these questions, in the first place, it should be said that the Tariff Board was never intended to be a rate-making body. Its friends aspired to make it a substitute, not for Congress in its legislative capacity, but for the Ways and Means Committee and the Finance Committee in their capacity of collectors of tariff information. Under the Federal Constitution it is practically certain that Congress could not delegate legislative power to a board, but it can give power to investigate and report findings of facts. In the second place, these questions suggest a belief, common enough in these days, that there are certain rates which once suggested would be accepted by all as obviously correct. To state this proposition is to answer it, for it must be

¹ Neither the Tariff Board nor any member of it assumes any responsibility for the use made of the Board's statistics in this article or for any observations made about them. I take full and complete responsibility for the construction of the tables and for all the statements made and opinions expressed.—*W. S. C.*

² *H. Rep. 455*, 62 Cong., 2 Sess., p. 66. H. R. 11019 is the bill passed by the Democrats of the House during the first session of the 62d Congress which was prior to the publication of the Tariff Board's report. H. R. 22195 was identically the same bill introduced after the Tariff Board's report was published. Both of these bills, after being modified in conference with the Senate Progressives, were passed by both branches of Congress and vetoed by the President.

clear to anyone acquainted with American tariff controversies that the abuse hurled at the Tariff Board last winter would be as nothing compared with the abuse such action would arouse. The fact of the matter is the Tariff Board never intended to go beyond reporting facts and it persistently refused, under urgent political demands, to give even an opinion of what rates it considered equitable and just. No one realized the difficulties of the problem as well as the members of the board themselves and they declined to allow the zeal of those who saw the limitations of a tariff board less clearly than they, to defeat its real usefulness. Tariff making is fundamentally a question of theory rather than a question of statistics. There is no set of rates which are obviously and absolutely equitable and just, for the question which must always be answered first is: "Equitable and just on what political and economic theory?" Rates equitable and just from the standpoint of revenue might be very inequitable and unjust from the standpoint of protection. In like manner, rates equitable and just from the point of view of national exclusiveness might be very inequitable and unjust from the point of view of active foreign competition. It will be profitable to examine further the political and economic difficulties in the way of delegating the power of making or recommending rates to a tariff board or commission.

No board could suggest rates until it assumed the tariff policy of some political party to be desirable. Obviously it is not within the province of pure reason to decide which is preferable—a tariff for revenue only or a protective tariff. Complete statistics and facts might be gathered on all the schedules of the tariff act and still this question would be no nearer solution. Its answer is found in the political sentiments of the electorate and as long as the voters are the ultimate source of power in the United States the answer must come from them. If the voters through their representatives in Congress were unanimously in favor of a given tariff policy this obstacle to delegating rate-making power to a board would be removed for the time being; but it often happens, as it did in the Sixty-second Congress, that different tariff theories prevail in the majorities of the two branches of Congress. In such a case no board could remain non-partisan that did not attempt to recommend rates based on both tariff theories. It is not likely that the two or three great political parties will very soon agree upon a common tariff program, and, until they do, no commission can take the tariff out of politics.

In the past, the political premises on which Congress has prepared tariff acts have been determined at the polls and it seems hardly probable that the people will ever relinquish this right. The Tariff Board as it was constituted of course had no power even to recommend rates, but this discussion should make it clear that if it had undertaken this task it would have been forced to premise its conclusions with some political theory of tariff making.

The political difficulty which stood in the way of the Tariff Board's recommending rates having been outlined, there is the economic difficulty to be noticed. If the board had assumed for the purpose of making a set of rates that a given political tariff theory were desirable, it would have been face to face with the question of efficiency. In the Tariff Board's report on Schedule K there is a vast amount of information relating to efficiency and economic conditions which no tariff maker can disregard; but the use of it removes the task of rate making from the field of mathematics to that of personal judgment. Rate making becomes, then, no longer the work of a statistician, but the work of those with authority to say what the policy of the country is to be regarding a particular industry. An example may make this point clear.

The wool-growing industry in the United States presents to the legislator a very complex problem—the problem of what parts of the industry should be preserved and what parts, if any, should be eliminated by foreign competition. Three distinct divisions of the wool-growing industry exist in the United States: (1) the fine-wooled merino sheep, chiefly in Ohio and the neighboring states, which cannot exist unless at least the present tariff rates are maintained; (2) the crossbred flocks which would exist even under free wool; and (3) the flocks of the ranch states of the far west, the amount of protection required for them being a matter of debate. These facts present a problem of what is economically desirable, and the conclusions reached by study of them will depend primarily upon the student's economic assumptions.

Those with a leaning toward free trade, who approach and study the part of the Tariff Board report treating of wool growing, can with ease construct an argument in favor of free wool. This conclusion is reached by studying the efficiency of wool growing in the United States as compared with that in Australia and England. Cost figures are not ignored; they are accepted as the cost of producing wool in the United States under the existing

conditions. Such students advocate changing these conditions and thereby reducing the costs.

In pursuing their argument they consider, in the first place, the sheep in the eastern states. They claim that the high cost of production of fine merino wool, as shown by the Tariff Board, proves, not that high protection is needed, but that it is economically unprofitable to maintain in the United States the fine-wooled merino sheep; that the crossbred flocks, which produce wool at a negligible cost, are peculiarly adapted to the farming conditions of our eastern states; and that if the tariff on wool were removed, the owners of the fine-wooled flocks would be forced to cross their ewes with the mutton breeds and by this means the wool-growing industry of the East would gradually become a profitable supplement to general farming, as it is in Great Britain, and not a highly specialized industry, as it is today in parts of Ohio and Michigan.

Continuing their argument these advocates of free wool turn to the great flocks of our western ranges and they contrast the breeding, pasturing, and management of the flock-masters of Australia, New Zealand, and Argentina with the conditions in our West. They claim that if the methods of the former were adopted in this country the costs of producing wool would be reduced so that our flock-masters could compete successfully with all the world without the tariff. They admit that free wool would force a readjustment in the West as well as in the East, but they say it would place the industry on a much sounder economic foundation.

On the contrary, the advocates of high protection can argue from the part of the Tariff Board's report treating of wool growing that the rate on merino wool should be even higher than eleven cents per pound. It is said that very fine merino wools are becoming more and more scarce each year with the inroads which the mutton sheep are making upon the merino flocks of the world; that unless the source of supply of these wools is maintained, certain phases of wool manufactures cannot continue; and that this source of supply cannot be preserved unless a high level of protection is maintained. Very plausible arguments can also be made in favor of the existing status of the wool-growing industry because a lowering of the duties would inevitably cause suffering both among the sheep owners and those employed in the industry.

The legislator who conscientiously endeavors to consider impartially the arguments of the free-trader and the protectionist has hard questions to answer. Shall Congress, for the sake of preserving a comparatively small number of fine merino sheep, burden the manufacturer directly and the consumer indirectly with a duty adequate to protect the grower with the highest costs? Or shall Congress say that, since the cost of producing cross-bred wool is negligible, it would be better to force all wool growers in the United States to produce this kind of wool by having free wool as the United Kingdom has with her 31,000,000 sheep? Or shall Congress take a middle course and preserve such parts of the industry as are consistent with a moderate duty? Any of these questions might be answered affirmatively from the report of the Tariff Board, but, whatever may be the correct attitude to assume toward this great industry, all will surely agree that no board, however wise, should determine the answer to the question. This question involves the problem of the nation's policy toward its industries; and, as long as there are political questions, the question of the preservation or destruction of industries will be, and most men would say ought to be, one of them. The subject is discussed somewhat at length here in order to show the nature of the efficiency problem. It must be clear that statistics are of little value in tariff making unless accompanied by sound judgment. "Without judgment," Mr. Emery says, "statistics are useless; without statistics, judgment is unreliable."³

Having pointed out what would seem to be both political and economic obstacles to delegating to an executive board general power to recommend rates, a partial solution will be suggested.

If it be admitted that a board be desirable, one of its powers would, of course, be the accumulation of information on all phases of the tariff controversy. On the basis of this information Congress, having first laid down the political and economic premises on which the board was to proceed, might request it to submit a set of rates based on the premises laid down. Such questions as these might be submitted to the board for answer: (a) What would be the immediate and ultimate effect of free wool upon the domestic industry? upon the consumer? (b) What rate of duty on raw sugar would eliminate the cane-growing industry of the

³ Emery, H. C.: *The Tariff Board and its Work*. Speech delivered at Chicago, December 3, 1910, p. 11.

South and still preserve the beet-sugar industry? (c) Assuming the theory of tariff for revenue only to be desirable, what set of rates on wool and wool manufactures would most equitably raise \$50,000,000 per annum? (d) Assuming that the tariff should equal the difference in cost of production between the United States and foreign countries and that the *status quo* of the wool-growing and wool-manufacturing industries is to remain substantially unchanged, what should the rates in Schedule K be? There seems to be no reason why a board could not give answers to these and similar hypothetical questions. This plan would leave to the legislative branch of the government not only the power of fixing the premises upon which the board was to proceed, but also the privilege of finally accepting or rejecting the recommendations of the board; and still it would leave a very useful field of work for an executive board or bureau.

For the purposes of this article it is assumed that Congress desires an answer to the last of the questions asked above and that the facts to be used are those found in the Tariff Board's report on Schedule K. This question takes for granted two facts: (1) that such protective duties should be levied "as will equal the difference between the cost of production at home and abroad" and (2) that the *status quo* of the wool-growing and wool-manufacturing industries should remain substantially unchanged, that is, the question of efficiency is to be practically disregarded. Both of these premises are debatable and the writer, by propounding them, in no way commits himself either to their support or opposition. Plausible arguments can be made for or against both propositions. It is necessary, however, before the discussion can proceed, to assume some of the varying factors in the tariff problem to be constant and there are some reasons why the premises chosen are the most desirable in studying the report of the Tariff Board.

The most important reason is the nature of the Tariff Board. The board was a by-product of a protective tariff bill, the pet of a president committed to protection; and it was requested to apply the rule of protection contained in the Republican platform of 1908. Its founders undoubtedly expected it to consider the protective system beyond controversy. It began work with a presumption, therefore, against its non-partisan attitude. If it had been composed of political opportunists, it might easily have become a mere tool of the protective interests; or if it had started

out like the so-called tariff commission of 1882 to hold hearings, the personal would have overshadowed the scientific element and the board would have been little more than a poor substitute for the Ways and Means Committee. But the members of the board⁴ realized that legislators needed, not more comments and figures compiled by interested parties, but a careful scientific investigation of each schedule of the tariff and this they began carefully to make. While considering the cost of production one of the phases of the problem deserving study, they did not limit their study to it, and in the report many other phases of the question are carefully considered which have been obscured by the political significance attached to the cost of production. The work of the Tariff Board, lamentably brief as it was, laid the foundation for a scientific investigation of the tariff; it broke the grip on legislation which a few interested parties, by their knowledge of the tariff and by personal influence, had maintained, and it proved conclusively that the Almighty did not lodge all wisdom in the committee rooms of Congress.

It remains true, nevertheless, that in the public mind the work of the Tariff Board and the cost-of-production theory of the Republican platform of 1908 are inseparable and for that reason this theory is given prominence in this article.

A subject which can only be touched upon in this article is the relative value of ad valorem and specific duties. In this country, as a rule, the advocates of revenue tariffs have favored the former; the advocates of protection, the latter. The Tariff Board made some very pertinent observations on this subject and stated that "from the point of view of protecting the domestic manufacturer by equalizing the difference in cost of production at home and abroad by means of tariff duties, the system of specific duties is the natural and logical method."⁵ It has been said that a flat specific rate bears unequally upon those who buy wool, because it does not adjust itself to a wide range of prices. This is true. But it is equally true that a flat ad valorem rate gives very

⁴ At the time of the publication of the report on Schedule K the members of the Tariff Board were: Henry C. Emery, professor at Yale; Alvin H. Sanders, editor of the *Breeders' Gazette*, Chicago; James B. Reynolds, formerly assistant secretary of the Treasury; William M. Howard, formerly congressman from Georgia; and Thomas W. Page, professor at University of Virginia.

⁵ *Report of Tariff Board on Schedule K*, 62 Cong., 2 Sess.; H. Doc. No. 342, p. 709.

unequal protection; 30 per cent on 20-cent wool is much less protection than 30 per cent on 40-cent wool and still it may be that 20-cent wool requires as much protection as 40-cent wool. This of course is only another case of the necessity of determining your premises before proceeding to discuss tariff questions. The premises on which this article is written establish a presumption in favor of specific duties. But in order to avoid confusion this question will not be discussed in detail. Ad valorem and specific duties will in most cases be treated as though of equal value.

Schedule K of the tariff act of August 5, 1909, fixes the import duties upon a large variety of wool products. In this discussion the following will be considered both because they are the most important and because the statistics of the Tariff Board upon them are most complete: raw wool, tops, worsted yarn, woollen and worsted fabrics.

Raw Wool

In ascertaining the cost of producing wool in the United States the Tariff Board considered wool as the chief product of the flocks and credited against the total cost all receipts from sources other than wool. In the case of the fine-wooled merino flocks, where wool was the only source of income, the entire cost of maintaining the flocks was charged against the wool and as a result the cost of production was high. On the contrary, in the case of the crossbred flocks the receipts from mutton were subtracted from the total cost of maintenance and the resulting figure was taken as the cost of producing the wool. By this means the cost of producing wool was often shown to be negligible.

Nowhere in the Tariff Board's report do figures, considered alone, prove more discouraging than in the volume on raw wool. The cost of producing wool is shown to range from less than nothing up to over 35 cents per pound and these statistics can be studied intelligently only in the light of the facts with which the Tariff Board supplemented them. The extremely high costs are given some weight by the board in making up its averages. Its conclusions recognize three broad divisions of the wool-growing industry in the United States. "In the western region of the United States, with approximately 35,000,000 sheep," the report states, "the net charge against a pound of wool is about 11 cents. In the other sections, with about 15,000,000 sheep, the net charge against a pound of wool from the merino sheep, which number approximately 5,000,000, is about 19 cents, and the net charge

against the wool grown on sheep of the crossbred type is negligible."⁶

The costs from which the average net charge of 11 cents against wool raised in the western ranges was obtained are shown in Table 1.⁷

TABLE 1.—*Net charge against wool produced in the range states*

Pounds of wool		Receipts		Average net charge against wool per pound
Number	Percentage of total	Percentage from wool	Percentage from other sources	
2,636,297	12.7	47.7	52.3	\$0.237
3,836,815	18.5	49.8	50.2	.168
5,459,088	26.3	47.4	52.6	.119
4,665,141	22.5	42.0	58.0	.077
2,293,087	9.0	36.2	63.8	.027
1,874,287	11.0	28.9	71.1	+.039
20,764,713	100.0	43.0	57.0	.109

The costs from which the average net charge of 19 cents against the fine merino wool raised in the eastern states was obtained are shown in Table 2.⁸

TABLE 2.—*Net charge against fine merino wool produced in the eastern states*

Pounds of wool		Receipts		Average net charge against wool per pound
Number	Percentage of total	Percentage from wool	Percentage from other sources	
37,934	6	78	22	\$0.42
57,083	10	77	23	.32
90,886	15	71	29	.27
129,169	22	71	29	.22
248,519	42	67	43	.12
29,588	5	38	62	.06
592,979	100	64	36	.19

The conclusion of the Tariff Board that the net charge against wool grown on crossbred flocks in eastern United States is negligible is based on the study of 159,396 pounds of wool. The total receipts from the crossbred flocks investigated were \$114,099.74,

⁶ *Report of Tariff Board on Schedule K*, pp. 376-377.

⁷ *Ibid.*, p. 329.

⁸ *Ibid.*, p. 369.

of which 33 per cent was from wool and 67 per cent from other sources. The receipts from sources other than wool a little more than covered the total cost of maintaining the flocks, which leaves the wool "velvet," that is, there was no net charge against it.⁹

There are, then, in the United States three distinct classes of sheep which produce wool at widely varying costs. Before a rate of protection can be agreed upon a national average cost must be fixed. It might be suggested that if the *status quo* is to be maintained absolutely, the rate of protection must be sufficiently high to protect the highest cost. However logical this suggestion may be, it is not practical and the position of the Tariff Board seems reasonable on this point. After giving due weight to the high and the low costs in the United States it concluded that the average net charge against the wool clip of the country is about 9½ cents per pound.¹⁰

Turning now to the cost of producing wool abroad, the Tariff Board summarized its findings by saying that the average net charge against wool in South America is "between 4 and 5 cents per pound" and that "taking Australasia as a whole it appears that a charge of a very few cents per pound lies against the great clips of that region in the aggregate."¹¹

Without questioning, therefore, the possibility of choosing other costs equally entitled to consideration, it seems at least fair to take 9½ cents as the net charge against wool in the United States and 3 cents as the net charge against wool produced by our greatest foreign competitor. These are charges per grease pound. Considering all grades of wool, the shrinkage of American wool may be taken at 60 per cent and of Australian wool at 50 per cent.¹² If now the much debated recommendation of the board to assess the duty on the scoured content of grease wool be accepted, a duty can be calculated. If it costs in the United States 9.5 cents to produce a pound of grease wool shrinking 60 per cent, it will cost 23.75 cents to produce a pound of clean wool; if it costs in Australia 3 cents to produce a pound of wool shrinking 50 per cent, it will cost 6 cents to produce a pound of clean wool. The difference between these two results is 17.75 cents, which is the difference in cost of production per scoured pound of wool between the United States and Australia. If the

⁹ *Report of Tariff Board on Schedule K*, p. 369.

¹⁰ *Ibid.*, p. 377.

¹¹ *Ibid.*, p. 11.

¹² *Ibid.*, pp. 383-385.

legislator desires to levy a flat specific rate, it will require according to this calculation about an 18-cent rate to protect the wool-growing industry in this country without forcing any serious readjustment.

To determine what ad valorem rate will give protection equal to 18 cents per scoured content pound is a complex problem, for obviously the per cent of protection fluctuates with the price. Table 3 presents representative wools and the ad valorem duty equivalent to 17.75 cents.

TABLE 3.—*Ad valorem rate on raw wool*

Grade of wool	Price per scoured pound in 1910	Difference in cost per scoured pound	Per cent of protection needed
Port Philip scoured	\$0.487	\$0.1775	36.45
Sidney scoured, good	.477	.1775	37.21
South African, very best	.507	.1775	35.01
Sidney scoured, average	.395	.1775	44.94
Australian crossbred, superior	.467	.1775	38.01
Australian crossbred, average	.294	.1775	60.37

Here again much depends upon judgment, for by choosing very high or very low prices widely divergent ad valorem rates can be shown to be required. In Table 3 representative foreign wools have been chosen and the conclusion to be drawn from the table is that 35 per cent, possibly 40 per cent, protection is necessary to protect the existing conditions of the wool-growing industry.

The rates levied on raw wool in the various bills introduced into Congress in the second session of the Sixty-second Congress were:

Cummins bill....18 cents per clean content pound (with proviso that no rate should be over 45 per cent).¹³
Hill bill.....18 cents per clean content pound.¹⁴
Penrose bill.....18 cents per clean content pound.¹⁵
Underwood bill..20 per cent ad valorem.¹⁶
La Follette bill..35 per cent ad valorem.¹⁷
Compromise bill..29 per cent ad valorem.¹⁸

¹³ *Amendment to H. R. 22195*, proposed July 24, 1912.

¹⁴ *H. R. 22262*, proposed March 22, 1912.

¹⁵ *Amendment to H. R. 22195*, proposed July 27, 1912.

¹⁶ *H. R. 22195*, proposed March 21, 1912.

¹⁷ *Amendment to H. R. 22195*, proposed July 27, 1912.

¹⁸ *H. Rep. No. 1130*, August 2, 1912.

Tops

Tops are combed wool and consist of continuous strands of wool in which the fibres lie more or less parallel. They constitute a distinct product, and in England and on the Continent particularly they are produced by a branch of wool manufacturing as distinct as the operations of spinning and weaving. The Tariff Board shows that the conversion cost¹⁹ of producing tops varies both with the process employed (whether French or English) and with the amount of output. A good illustration of the latter is given in its report. The total production of a combing mill for 25 months of domestic half-blood tops is divided into four periods. In the first period 46.40 per cent of the total output was produced at the cost of 4.91 cents per pound; in the second period 24.19 per cent of the total output was produced at a cost of 6.79 cents per pound; in the third period 16.81 per cent of the total output was produced at a cost of 7.75 cents per pound; and in the fourth period 12.60 per cent of the total output was produced at a cost of 10.05 cents per pound.²⁰

"Top making" is a more comprehensive term than "combing." The cost-of-production figures given by the board are for combing and do not include such costs as storage, losses from off-sorts, etc., which a manufacturer making tops alone must take account of. The board does not state to what extent the cost of top making exceeds the cost of combing, so that the opinion of the trade must be resorted to. It seems to be recognized that the cost of top making is 50 per cent greater than of combing and this percentage has been used in determining the costs in this article.

For the purpose of this discussion the costs of combing with English combs has been adopted and allowance has been made for the fluctuations in costs due to fluctuations in output. Table 4

TABLE 4.—*The conversion cost of combing and top making per pound in the U. S.*

Quality of top	Conversion cost of combing	Conversion cost of top making (combing plus 50 per cent)
Unwashed territory, one half blood or above	\$0.0760	\$0.1140
Australian and domestic, one half blood and above	.0679	.1018
Unwashed territory, three-eighths blood	.0619	.0928
Australian or domestic, three-eighths blood	.0610	.0915
Australian or domestic high, one-quarter blood	.0562	.0843
Quarter blood	.0448	.0672

¹⁹ By conversion cost is meant the cost of converting the raw material into the finished product. It does not include the cost of materials.

²⁰ *Report of the Tariff Board on Schedule K*, p. 642.

presents the costs of the Tariff Board²¹ which seem most nearly to represent the board's conclusions.

The Tariff Board gave no elaborate statistics on the cost of combing and top making abroad. But it felt able, upon the basis of its information, to state the relative positions of the industry in this country and in England. "In view of the facts related," it says in conclusion, "it seems a fair statement that the cost of making tops in the United States is about 80 per cent greater than abroad."²² For a given product in England, therefore, with a cost of 100 units there would be in the United States a cost of 180 units.

The foregoing conclusions are adhered to in subsequent calculation on the costs of producing tops. In Table 5 the effect of the top duties in the La Follette, Underwood, and Compromise bills are compared with the Tariff Board costs. The conclusions of the table, it should be noted, consider only the differences in conversion costs.

In constructing this table English prices were taken for stand-

TABLE 5.—*The net protection given to tops by the La Follette, Underwood, and Compromise bills compared with the findings of the Tariff Board*

Quality of tops	1	2	3	4	5 6 7 Compensatory duty		
	English price (1911)	English total cost	English top-making conversion cost	Cost of wool in one pound of top	La Follette bill (35 per cent) ¹	Underwood bill (20 per cent) ¹	Compromise bill (29 per cent) ¹
32s	\$0.261	\$ 2486	\$0.0374	\$0 2112	\$0 0739	\$0 0422	\$0.0612
36s	.269	.2562	.0468	.2094	.0733	.0419	.0607
40s	.274	.2610	.0509	.2101	.0735	.0420	.0609
50s	.360	.3429	.0516	.2913	.1020	.0583	.0845
64s	.533	.5076	.0566	.4510	.1579	.0902	.1208
80s	.593	.5648	.0633	.5015	.1755	.1003	.1454

Quality of tops	8 9 10 Protection under			11
	La Follette bill (40 per cent) ²	Underwood bill (25 per cent) ²	Compromise bill (32 per cent) ²	Protection needed according to Tariff Board
32s	\$0.0305	\$0.0231	\$0.0223	\$0.02992
36s	.0343	.0254	.0254	.03744
40s	.0361	.0265	.0268	.04072
50s	.0420	.0317	.0307	.04128
64s	.0553	.0431	.0398	.04528
80s	.0617	.0480	.0444	.05064

¹ Total duty on raw wool.

² Total duty on tops.

²¹ *Report of the Tariff Board on Schedule K*, p. 642.

²² *Ibid.*, pp. 644-645.

ard qualities of tops. The total English cost (column 2) was computed by subtracting from the price an assumed distribution expense and profit of 5 per cent. An objection will be made to this method on the ground that it is "unscientific," but for the purpose of this discussion it is likely to be more accurate than the computation of the total English cost from the prices of raw wool. The English top making conversion costs are computed from the statistics of the Tariff Board; and by subtracting them from the total English cost, the cost of the wool in one pound of top is determined. The compensatory duty in cents under each of the bills is computed by multiplying the figures in column 4 by the ad valorem rate imposed by the respective bills upon raw wool. The English price is then multiplied by the ad valorem rate fixed by each bill on tops and from the result is subtracted the corresponding compensatory duties. This gives the net amount of protection under each bill and is to be compared with the difference in conversion costs between this country and England as determined by the Tariff Board (column 11).

If the prices used in Table 5 had been for a low-price year, the net protection given by each of the bills would have been less than shown. This is, from the point of view of protection, one of the unavoidable disadvantages of ad valorem duties. A given ad valorem rate may be protective when prices are at one level and not protective when they are at another.

In the La Follette, Underwood, and Compromise bills, where the duty on tops was a flat ad valorem rate, it was possible to compute the net protection separately from the compensatory duty. In studying the Penrose and Hill bills, where the duty on the tops was a specific and a compound duty, respectively, a different method must be followed. Table 6 is a comparison of the total

TABLE 6.—*The duties on tops in the Penrose and Hill bills compared with the Tariff Board costs*

Qual- ity of tops	Price in England (1911) per pound	Duty under Pen- rose bill per pound	Duty under Hill bill per pound	Protection and compensation needed per Tariff Board ¹ per pound	Duty under Penrose bill Per cent	Duty under Hill bill Per cent	Protection and compensation needed Per cent
32s	\$0.261	\$0.28	\$0.2131	\$0.2449	107.28	81.65	98.88
36s	.269	.28	.2135	.2524	104.09	79.37	93.83
40s	.274	.28	.2137	.2557	102.19	77.99	93.32
50s	.360	.28	.2180	.2563	77.78	60.56	71.19
64s	.533	.28	.2267	.2603	52.53	42.53	48.83
80s	.593	.28	.2298	.2656	47.22	38.75	44.79

¹ \$0.215 plus difference in Conversion Cost.

protection and compensation given on tops by the Penrose and Hill bills with the total protection and compensation required according to the Tariff Board.

The Penrose bill levies a flat specific rate of 28 cents on tops and the rate under the Hill bill is 20 cents per pound and 5 per cent ad valorem. From these rates the duty in cents per pound is arrived at. In computing the total protection and compensation required according to the Tariff Board 18 cents is adopted as the duty on the clean content of wool and, making allowance for waste, 21½ cents was taken as a fair compensatory duty: that is, the duty which must be assessed in order simply to compensate the domestic top maker for the rise in the price of his raw material due to the 18-cent duty on raw wool. To this compensatory duty was added the difference in conversion cost between here and abroad as set forth in column 11 of Table 5. The last three columns in Table 6 are the preceding three expressed in percentages.

One of the noticeable features of the percentages in Table 6 is the fact that the tops of low quality receive or require a larger duty than the tops of a higher quality. Such a difficulty arises inevitably from a flat specific compensatory duty. In theory, if the rate of duty on raw wool is the same on all grades of wool, the compensatory duty on the manufactured product should be the same on all qualities. In practice, however, a flat specific compensatory duty bears more heavily on the lower than on the higher qualities of product, and it results in a higher ad valorem equivalent on the lower qualities. Apparently, the practical thing to do is to grade the compensatory duties in order to retain, from the point of view of protection, the advantages of specific duties and still eliminate the excessive duties on the lower qualities.

On the basis of the premises of this article, then, what is a fair rate on tops? Table 5 shows that 40 per cent ad valorem is adequate, in most cases, if the duty on raw wool is 35 per cent ad valorem, but a somewhat higher rate is defensible as will be observed from Table 6. A decline in price would, of course, make the calculations of this table useless. From the standpoint of protection, if the duty on raw wool is specific, the duty on tops should also be specific. The conversion cost of tops is, as compared with the material cost, relatively small and their price is affected directly by the price of raw wool. For the protectionist the most desirable method for levying the duty on tops would

seem to be a carefully graded specific duty. If this be conceded and if the duty on raw wool be 18 cents on the clean pound, a duty of 26 or 27 cents per pound of tops of 60s quality, graded both up and down, would undoubtedly be a fair duty—granted of course the premises on which the calculations have been made.

Worsted Yarns

The conversion costs of converting tops into worsted yarns in the United States, as found in the report of the Tariff Board, are summarized in Table 7.

TABLE 7.—*Conversion cost per pound of producing worsted yarns from tops in the U. S.*²³

Ply and count of yarn . . .	2/28	2/32	2/36	2/38	2/40
Conversion cost per pound . .	\$0.1262	\$0.1448	\$0.1648	\$0.1749	\$0.1798

Ply and count of yarn . . .	2/42	2/44	2/46	2/48	2/60
Conversion cost per pound . .	\$0.1847	\$0.2055	\$0.2267	\$0.2335	\$0.3181

After discussing the American costs and comparing them with English costs, the Tariff Board sums up the relative competitive positions of the two countries in the following words:

In view of the fact that the figures as given for the United States have been put at what may be considered a low figure when compared with the large number of mills from which figures were received, it may be said that, making due allowance for variations on account of quality, etc., the actual manufacturing cost in the United States for turning tops into yarn is about twice what it is in England.²⁴

The conversion cost of converting tops into yarns in England, then, may be taken as substantially one half the costs presented in Table 7.

The costs here discussed include those of drawing, spinning, twisting, and spooling, and do not include those of sorting, carding, and combing which were considered under the cost of making tops. It is necessary, therefore, in order to determine the cost of converting raw wool into worsted yarns, to add to the costs of converting tops into yarn the costs of combing. This has been done in making the subsequent tables on yarns. To one who analyses carefully the figures of these tables it will be evident

²³ *Report of the Tariff Board on Schedule K*, p. 649.

²⁴ *Ibid.*, p. 650.

that the cost of combing alone, not the cost of top making, has been added to the cost of converting tops into yarn, that is, the 50 per cent added to the cost of combing in computing the cost of top making is not here added in computing the total conversion cost of yarn. The reason for this is the fact that some of the costs incidental to a combing establishment are absent where combing is merely one department of a spinning mill.

In Table 8 the net protection on worsted yarns given by the La Follette, Underwood, and Compromise bills is computed and compared with the findings of the Tariff Board.

In Table 8 the total cost of the yarn is computed in substantially the same way as it was computed in the case of tops (Table 5), that is, an allowance of $12\frac{1}{2}$ per cent to cover distribution expenses and profit was taken from the price; from the total cost was subtracted the English conversion cost in order to determine the cost of wool in one pound of yarn (column 5). Column 5 is then multiplied by the rates on raw wool in the respective bills in order to determine the amount of the yarn duty needed for compensation. Columns 9, 10, and 11 are the rates on yarn in the respective bills times the price and less the compensatory duty. The result gives the net protection furnished by each bill and should be compared with the protection needed according to the findings of the Tariff Board (column 12).

The protection on yarns needed according to the Tariff Board in Table 8 is a minimum. The net protection given by even the La Follette bill falls in most cases slightly under the protection required. It may be fairly said that 45 per cent on the basis of 35 per cent on raw wool is not, according to the Tariff Board, sufficient protection. The fact should be noted also that a decline in the price of yarns would, under ad valorem duties, reduce the net protection given.

Table 9 (p. 76) presents the total protection and compensation given by the Penrose and Hill bills, on yarns, and the amount required according to the findings of the Tariff Board.

The yarn duty in the Penrose bill, as shown in column 2, is a graded specific duty—graded according to the count of the yarn. The yarn duty in the Hill bill is a compound duty and the computations for the yarns in the table are shown in column 3. Column 4 shows the protection and compensation in cents required according to the Tariff Board and is made up of a compensatory duty of 23 cents per pound and the difference in conversion costs

TABLE 8.—*The net protection given to worsted yarns by the La Follette, Underwood, and Compromise bills and compared with the findings of the Tariff Board*

1	2	3	4	5	6	7	8	9	10	11	12
Count of yarn	Price of yarn in England (July 27, 1911)	Total cost of yarn	Conversion cost in England from wool to yarn	Cost of wool in one pound of yarn	La Follette bill: Compensatory duty (35 per cent) ¹	Underwood bill: Compensatory duty (20 per cent) ¹	Compromise bill: Compensatory duty (28 per cent) ¹	Protection given by La Follette bill (45 per cent) ²	Protection given by Underwood bill (30 per cent) ²	Protection given by Compromise bill (35 per cent) ²	Protection needed according to Tariff Board
2/32s	\$0.4157	\$0.3695	\$0.0973	\$0.2722	\$0.0953	\$0.0544	\$0.0739	\$0.0918	\$0.0703	\$0.0666	\$0.0923
2/36s	.4714	.4191	.1136	.3056	.1069	.0611	.0886	.1052	.0803	.0764	.1074
2/40s	.5120	.4551	.1238	.3313	.1160	.0638	.0961	.1144	.0873	.0831	.1170
2/48s	.7097	.6308	.1512	.4796	.1679	.0959	.1391	.1515	.1170	.1093	.1443
2/60s	.8111	.7210	.1868	.5242	.1835	.1048	.1520	.1815	.1385	.1319	.1893
2/80s	1.1761	1.0454	.2724	.7730	.2706	.1546	.2242	.2586	.1982	.1874	.2620

¹Total duty on raw wool.

²Total duty on yarn.

TABLE 9.—*The total duties on worsted yarns under the Penrose and Hill bills compared with the findings of the Tariff Board*

	1	2	3	4	5	6	7
Count of yarn	Price of yarn in England July 27, 1911	Duty under Penrose bill	Duty under Hill bill	Protection and compensation needed according to Tariff Board on basis of 18-cent wool ¹	Duty under Penrose bill	Duty under Hill bill	Protection and compensation needed according to Tariff Board
		Cents per pound	Cents per pound	Cents per pound	Per cent	Per cent	Per cent
2/32s	\$0.4157	\$0.390	\$0.2774	\$0.3223	93.82	66.73	77.53
2/36s	.4714	.400	.2857	.3374	84.85	60.61	71.67
2/40s	.5120	.410	.3174	.3470	80.08	61.99	67.77
2/48s	.7097	.442	.3569	.3743	62.28	50.29	52.74
2/60s	.8111	.490	.4178	.4193	60.41	51.51	51.70
2/80s	1.1761	.570	.5090	.4920	48.47	43.28	41.83

¹\$0.23 plus difference Conversion Cost.

for yarns as found in column 12 of Table 8. It will be noticed that this compensatory duty is higher than the one recommended by the board when the duty on raw wool is 18 cents.²⁵ This is a concession to the critics of the board who said that the compensatory duty should be based, not on the scoured content of grease wool, but on the duty on scoured wool which in a bill with a duty of 18 cents on the scoured content of grease wool would be at least 19 cents. In this article, therefore, the benefit of the doubt on this point has been resolved in favor of the manufacturer and the compensatory duty has been based on the recommendations of the board for a raw wool duty of 19 cents.²⁶ Columns 5, 6, and 7 are columns 2, 3, and 4 expressed in percentages. Here it is found, as in considering the top duties of these bills, that the duties are much heavier on the low grade yarns than on the higher. This defect can be corrected by properly grading the specific part of the duties.

Considering all the bills studied the method of levying the duties on yarns in the Penrose bill is the most desirable from the point of view of protection. "Yarns," the Tariff Board says, "are comparatively well standardized and their cost varies in a certain regular relation to the fineness or count of the yarn. It is a simple matter, then, to adopt the specific system in this particular case. A duty can be assessed on No. 1 yarn and be made to increase by a certain proportion with each additional count of yarn."²⁷ These suggestions were followed by the framers of the Penrose bill. By referring to Table 9 it will be observed that a rate of 41 or 42 cents per pound on 2/60s is approximately in accord with the findings of the Tariff Board. This rate should be graded up and down according to the count of the yarn.

An ad valorem rate on yarns is, from a protective point of view, inadvisable, but if it is adopted the rate should be at least 50 per cent on the basis of 35 per cent wool. It was evident from Table 8 that the 45 per cent given by the La Follette bill was scarcely ample to cover the minimum difference in conversion cost.

Woolen and Worsted Fabrics

When the question of the duty on woolen and worsted fabrics is taken up, a field is entered upon vastly more complicated than

²⁵ *Report of the Tariff Board on Schedule K*, p. 626.

²⁶ *Ibid.*, p. 626.

²⁷ *Ibid.*, p. 710.

that of tops and yarns. In investigating the cost of weaving, the Tariff Board chose 55 samples of woolen and worsted fabrics which included samples of all the standard varieties used for men's and women's wear. The board, in the first place, obtained the actual weaving cost of each fabric from the mill originally making it; in the next place, it submitted the various samples to foreign and domestic manufacturers making similar goods, and obtained from them, after their books had been studied by the board's agents, the cost at which they could make the fabrics. The figures were checked and compared and the record of each sample written up.²⁸ The board contented itself with giving the costs of converting yarn into cloth and it made no effort to report specifically on the conversion costs of the tops and yarns used in the making of the fabrics. Nor did it attempt to connect its investigation of weaving costs with its costs of combing and spinning. An effort will here be made to do this. In Table 10 the difference in conversion costs between this country and abroad for the samples reported on by the Tariff Board is calculated from the raw wool through combing and spinning to the finished fabrics. Those samples on which no English costs were obtained are not included. In this table the classification of the Hill bill has been adopted, not necessarily because it is the last word on classification, but because it was the one most discussed in the Sixty-second Congress.

The unit of measure in Table 10 is one pound of cloth. Before the difference in conversion costs of the tops and yarn entering into a pound of cloth could be computed, it was necessary to determine how much waste there is in combing and spinning. It should be clear that, because of the wastes in these processes, it requires more than a pound of yarn to make a pound of cloth and more than a pound of top to make a pound of worsted yarn. The conversion cost of the material wasted, however, must be considered in calculating the total conversion cost of a fabric. At best the method by which the figures in Table 10 were computed is complex. The best way to make it clear is to take one sample and follow it through all the computations.

Sample No. 22 is a men's blue serge weighing 14 ounces to the yard. In making the yarn required to make one pound of this fabric approximately 1.24 pounds of top were consumed. The difference in the conversion costs, between this country and Eng-

²⁸ *Report of the Tariff Board in Schedule K*, pp. 651-690.

land, of the top in this fabric is 3.5 cents per pound and the corresponding cost for 1.24 pounds is 4.34 cents. By this means all the figures in column 2 were computed.

In making one pound of sample No. 22 approximately 1.13 pounds of worsted yarns were used—.60 of a pound were used in the warp and .53 of a pound were used in filling; 2/24s were used in the warp. According to the Tariff Board the difference in conversion cost between this country and England of 2/24s is 6.31 cents per pound and the corresponding figure for .60 of a pound would be 3.79 cents; 1/12s were used in the filling. While no cost was given for 1/12s by the Tariff Board, a fair estimate on the basis of the costs given would make the difference in conversion cost between this country and abroad for one pound of this yarn 5.04 cents and the corresponding cost for .53 of a pound would be 2.67 cents. Adding 3.79 cents and 2.67 cents the result is 6.46 cents—the difference in conversion costs between this country and abroad of making the yarn in one pound of sample No. 22. This method of calculating the yarn costs was followed in the case of each sample and the results are to be found in column 3.

The American weaving cost for sample No. 22 was 22.2 cents per yard and the English weaving cost was 11.93 cents per yard.²⁹ The latter cost was subtracted from the former in order to obtain the difference in the weaving conversion costs per yard between this country and abroad. This difference per yard was then reduced to the corresponding difference per pound or 11.7 cents. In this manner each of the costs in column 4 of Table 10 was computed.

Column 5 is the sum of columns 2, 3, and 4 and shows the total difference in cents per pound between this country and England of converting wool through all the processes into finished cloth. For sample No. 22 this cost is 22.5 cents.

It next became necessary to determine the price on which the duty would be assessed if the fabric in question were imported. Under the present administration of the customs, this price would of course be the foreign price. The Tariff Board did not give prices for the samples under discussion, but it did give the total costs. Upon the basis of the total cost the price is computed. Recurring to sample No. 22: The total English cost, *i. e.*, both material and conversion costs, for this sample was 49.11 cents per

²⁹ *Report of the Tariff Board on Schedule K*, p. 665.

yard.³⁰ This total cost per yard was reduced to the total cost per pound and to it was added $17\frac{1}{2}$ per cent of itself in order to determine a figure on which the duty should be assessed. This method is employed by the customs officials when goods are billed to this country at cost; and $17\frac{1}{2}$ per cent is a fair allowance for distribution expenses and profit. For sample No. 22 the figure on which the duty would be assessed is 65.94 cents per pound. This is the way column 6 was made up.

Column 7 is the real object of all the computations in Table 10. It is the per cent which column 5 is of column 6; in other words, it is the total difference in conversion costs between this country and England expressed in percentage. If, then, a duty were being levied just adequate to offset the disadvantages of the American manufacturer arising from the difference in conversion costs alone between here and England of sample No. 22, the ad valorem rate would be 34.12 per cent. This duty, of course, does not provide for compensation on account of a duty on raw wool.

There are certain other observations to be made concerning the method by which Table 10 was constructed. No effort was made to work out the top costs in column 2 according to the particular qualities of top in the warf and weft. For the purpose of avoiding confusion and possible inaccuracy, the difference in the conversion costs, between this country and England, of one pound of tops of the lower qualities was taken at 3.5 cents and of one pound of the higher qualities at 4 cents. These costs correspond approximately to the results of the discussion of tops above. Such variations as occur in column 2 are due to variations in the amount of top used in making one pound of each fabric. Whenever the spaces are blank in column 2, the fabrics considered are woollens, as distinguished from worsteds, and no tops were used in their manufacture. Whenever the fabric considered was in part worsted, only the actual tops used were considered.

In some cases in the construction of Table 10 it was necessary to make use of information generally familiar to manufacturers, but not found in the report of the Tariff Board. This was true in proportioning the material in a pound of cloth between the warp and weft and in some cases in estimating the amount of loss of material in the various processes. In obtaining the costs of all the various kinds of yarns used in the construction of the sample under discussion several sources of information had to be resorted

³⁰ *Ibid.*, p. 665.

to. The costs of producing worsted yarns were taken from the report on Schedule K and in those cases where costs were not given for particular counts, the costs of these were estimated on the basis of the costs given. The costs of cotton yarns (when a part of a sample) were taken from the Tariff Board's report on Schedule I.³¹ No costs of carded woolen yarns are given by the Tariff Board, but it is generally recognized in the trade that the conversion cost of these yarns in the United States is one half cent a cut and in the absence of anything better, this estimate has been used here.

These detailed explanations of Table 10 have been made for the purpose of being frank with the reader. Differences of opinion unavoidably arise in a subject as complicated as the one under consideration. There is no desire to force any conclusions on the reader and therefore the methods of computation are set forth plainly and the result left to the judgment of him who reads.

The Hill bill (known officially as the Payne bill), prepared by Congressman Hill of Connecticut, was a careful attempt to frame a wool bill based on the findings of the Tariff Board. It received the unanimous support of the Republican minority in the House, but was repudiated by the Republican senators. Table 11 shows the duties on woolen and worsted fabrics under the Hill bill and compares them with the compensation and protection required by the Tariff Board report.

The Hill bill provides that the compensatory duty on fabrics shall be levied only upon the "wool contained therein." This idea was not recommended by the Tariff Board, but it was generally in favor among the advocates of lower duties. It only in part cures one of the evils of the present law—that of excessive duties on cheap fabrics—since shoddy goods still pay the whole of the compensatory duty. A graded specific duty would without doubt be more equitable. Since it was adopted, however, by Congressman Hill, it is taken into consideration in Table 11. Column 3 shows six fabrics containing less than 100 per cent of wool and the compensatory duty in column 4 is calculated only on the actual wool content. Congressman Hill followed the recommendations of the Tariff Board both as to the amount of the compensatory duty³² and as to grading the ad valorem duties on cloth.³³ In

³¹ *H. Doc. No. 643, 62 Cong., 2 Sess.*

³² *Report of the Tariff Board on Schedule K, p. 626.*

³³ *Ibid.*, p. 710.

Table 10 the total duty in cents under the Hill bill is calculated and then reduced to a percentage (column 8).

Columns 9, 10, and 11 in Table 11 show the compensation and protection required according to the findings of the Tariff Board. In finding the percentages in column 9 the Hill compensatory duties (column 4) were assumed to correspond with the recommendations of the Tariff Board, which is true with the exceptions of the six fabrics containing cotton. Column 10 is taken from column 7 of Table 10. When the percentages in column 8 are compared with those in column 11, it will be seen that the duties under the Hill bill are substantially in harmony with the findings of the Tariff Board.

The conservative Republicans of the Senate knew, as did anyone familiar with the situation, that a revision of Schedule K proposed by the majority of the Finance Committee had not the slightest chance of passage. Certain conservative Republicans, however, desired to put themselves on record and the Penrose bill was the result. In this bill a new classification of fabrics was adopted; dress goods were, as in the present law, put in a separate paragraph; and the compensatory duty was graded. Table 12 is a study of the Penrose bill as Table 11 was a study of the Hill bill, and, coming after the discussion of the latter, the former will be clear with a very few comments. Column 7 shows the total duty on each sample under the rates of the Penrose bill and, if compared with the findings of the Tariff Board in column 8, it will be evident that the rates in the bill are excessive.

When attention is turned away from the Penrose and Hill bills, in which the cloth duties are compound duties, to the La Follette, Underwood, and Compromise bills in which the cloth duties are ad valorem duties a new method of treatment must be adopted. The rates on raw wool and cloth in the La Follette bill were 35 per cent and 55 per cent respectively; in the Underwood bill 20 per cent and 40 per cent respectively; and in the Compromise bill 29 per cent and 49 per cent respectively. Table 13 is for the purpose of showing the net protection in per cent given to cloth by each of these bills and to compare this net protection with the protection required, according to the Tariff Board, to offset the difference in conversion cost between this country and England.

Column 2 in Table 13 gives the per cent the material cost in

each fabric is of the total cost, and is used as a basis for computing the compensatory duty under the respective bills. The net protection given by each bill is then determined by subtracting the compensatory duty in per cent from the actual duty levied on cloth by each bill and the result is compared with the needed ad valorem protection according to the computations which were made in Table 10. The method by which the table was constructed will be made clearer by an example. Of the total cost of sample No. 22, 55 per cent is material cost. The rate on raw wool in the Underwood bill is 20 per cent, and 20 per cent of 55 per cent is 11 per cent, the proportion of the Underwood duty on cloth required to compensate the manufacturer for the rise in price of his raw material, due to the 20 per cent duty on raw wool. The 11 per cent is then subtracted from 40 per cent (the Underwood duty on cloth) to obtain the net protection under this bill (column 4). The same method was pursued in making the computations for the La Follette and Compromise bills. If a flat ad valorem rate on cloth be admitted desirable, Table 13 seems to show that the La Follette rate of 55 per cent with 35 per cent on raw wool is substantially in harmony with the findings of the Tariff Board, although from a protection point of view 60 per cent would be more nearly correct. The other two bills are clearly too low.

It is stated in good faith by men intimately acquainted with wool manufactures in the United States that the industry cannot exist with anything less than a prohibitive duty. If this proposition be accepted, the rates on cloth in the Penrose bill can be defended; it is also true that a different method of calculation would have to be pursued in interpreting the statistics of the Tariff Board. It was assumed at the beginning of this article, however, that a competitive rather than a prohibitive tariff was to be framed and that the rates desired were simply to equalize competitive conditions for the American manufacturers on the basis of the existing economic organization. It is believed that the general level of rates on cloth in the Hill bill is defensible from this standpoint. The method of levying the compensatory duty in the Penrose bill is more commendable than that of the Hill bill. A carefully graded specific compensatory duty would remove the excessive duty on the cheaper fabrics and still preserve the desirable features from the protection point of view of specific duties.

Much useless debate would be prevented if men would consider their tariff theories more carefully. It is useless for a protectionist Republican and a tariff-for-revenue Democrat to debate the desirability of the rates in a particular bill; they should debate premises, not conclusions. The conclusions of this article, therefore, should be judged in the light of the premises laid down at the beginning. No one of the bills considered is desirable from all points of view. The Underwood bill may be desirable from the standpoint of the Democrats but undesirable from the standpoint of the protectionist. And so with each one of the bills. This point at least should be clear from this discussion.

Public men and economists have not sufficiently appreciated the services of the Tariff Board. These services were obscured by political animosities, aggravated by attacks made upon the board for personal and party reasons. He who wishes to pick flaws in the Tariff Board's report on Schedule K can do so with ease. Viewing its work constructively, however, it may be fairly said that the board did more for an honest, scientific revision than all the committee hearings and investigations which preceded it. However unsatisfactory its work may be in the eyes of some of its critics, the fact remains that its work is infinitely more satisfactory to the impartial observer than the work of the committees of Congress. Its faults are chiefly those of omission. It came to its work without a precedent in this country or abroad to guide it, and every step in the work presented difficult problems. When the time comes, as soon it will, for Congress to establish a permanent tariff commission, this commission will take up the work where the Tariff Board left it, and perhaps only then will be realized the worth of the public service of the members of the Tariff Board.

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REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Sociology in its Psychological Aspects. By CHARLES A. ELLWOOD. (New York: D. Appleton and Company. 1912. Pp. xi, 417.)

This is a good book with a misleading title. It should have been called "The Sociological Interpretation of Psychology." It presents evidence to support certain sociological theses but does not give the elementary facts needed for an unbiased judgment of the value of this evidence. The statements of those in one science about facts in another science are subject to many limitations. It is so easy to pick out what is favorable and to neglect other interpretations that great care is needed to prevent one-sided conclusions. Such care our author has not taken. It is hard to determine whether he has erred because of carelessness or dogmatism. He is careless if he failed to read widely before writing; he is dogmatic if with the full evidence before him he wrote as he did. The real issue is whether a sociological or an economic interpretation of psychology has the greater value, and yet the author does not seem to know that for two centuries economists have been striving to interpret psychic phenomena in harmony with economic facts. He apparently thinks that economic interpretation begins and ends with Karl Marx.

All economists and sociologists must know something of psychology and biology. The way, however, in which we come to this knowledge is a matter more of personal than of general interest. What a given sociologist knows about psychology is for him important, as it was important for me to discover what an economist could know about biology. I excuse my excursions in the biological field because at the time I wrote there were no books on biology emphasizing the facts needed by an economist. At present there is hardly a corresponding excuse for sociologists or economists to write books on psychology or biology. In recent years several texts have appeared amply meeting the needs of the student of social science. If a clear statement of the doctrine of evolution is desired, he can find it in Crampton's *The Doctrine of Evolution*; if he wishes correct information about the recent development of psychology, he can read Partridge's *Genetic Philosophy of Education*.

The tone of the book and the thesis of the author can be seen from the following passage. There are many similar ones showing that his attitude is a conscious one.

It cannot be admitted, however, that we can explain social organization in general, or social progress, in terms of economic development. A theory of progress, for example, in which the sole causes of social progress were found in economic conditions would neglect political, religious, educational and many other conditions. Only a very one-sided theory of society can be built upon such a basis. The sphere of economics is to explain the commercial and industrial activities of man from the standpoint of values and markets, and not to attempt to become a general science dealing with social evolution. This is now recognized by practically all economists of standing, and the only question which remains is whether economics is independent of sociology or whether it rests upon sociology.

If Dr. Ellwood had informed himself about the various economic theories of progress, he would not have made these statements. The probability is that he has read only the misleading statements in Professor Seligman's *Economic Interpretation of History*. Economists do not say that the causes of progress are in economic conditions, but that economic conditions give a measure of progress. By watching the changes that take place in the various activities of a nation, the observer can determine objectively the condition of the nation in a more accurate way than he can by any other known measure. The real issue is not whether economics precedes or follows sociology, or whether it is a part of or independent from it, but whether a given view of social progress is correct or incorrect. Each thinker has definite propositions which he believes can be proved, and he goes to the same field as his opponent for his proof.

To make this point clear, I shall state the order of progress as I understand it. Biology teaches us that the structures of organisms are difficult to alter. There is no valid evidence showing that the bodily (or nervous) structure of man has altered during the last five thousand years; if so, the source of progress must lie somewhere else than in organic change. The environment, however, is readily modified and in this way a measure of progress is secured. The earliest definite measures of environmental changes are the permanent improvements we call wealth. In contrast with this, the emotions of human beings are the hardest elements to alter and therefore give the least evidence of the changes we call progress. The next test of change is bodily function, and here

we find certain alterations slowly taking place that adjust men in their environment. Language is more flexible than function and its changes represent progress in adjustment more accurately than do changes in function. The fourth test is thought changes which are increasingly mobile, but still slow and indefinite. The fifth is wealth; the sixth is social surplus; the seventh is health; the eighth is culture; the ninth is the social sentiments. If the measures of progress are put in this order, the increasing mobility of the later ones becomes manifest and from them increasingly definite measures of progress are obtained. The psychological tests are not of much consequence because the emotions, while of supreme importance, are unchanged and do not therefore afford measures of progress. We get more objective measures as we pass along the series from structure through wealth to the social sentiments. The student should not, however, accept any one test as final, but getting evidence of progress in one field should check it up in other fields.

The economist prefers evidence that can be readily measured. This does not mean that he is a materialist, but that evidence objectively tested is better than indefinite measurements of psychic structure. All science tends to pass from the more indefinite but subjective facts to those objective enough to be measurable. An illustration of this is given by our judgments of the weather. The earlier man judged whether or not it would rain by the color of the setting sun or by the rings around the moon. To change from such evidence to the reports of the Weather Bureau indicates not a disregard of the aesthetic value of the color of the setting sun but an increasing regard for the next day's activity. The ring around the moon and a weather bureau report are simply two kinds of evidence brought to bear on a common end.

I am stating these facts not to discredit the work of Dr. Ellwood, but to contrast economic and sociological thought. The difference is not between a broader and a narrower science, but between definite propositions in a common field. Progress either comes through race struggle or it comes through coöperation. Whether the emotions or wealth give a better measure of progress is a question of evidence. Those who believe that wealth gives a better measure do not by that mean that emotions are unimportant; they merely mean that wealth is more objective.

This is the second proposition about which sociologists and economists differ. A third difference is a problem of origin. If

human society had a monistic origin then the pluralistic attitude so often held by economists is wrong. The reverse is true if in the end it should be proved that some type of pluralism is at the basis of human progress. The difference is again one of evidence, and not of the field in which economists and sociologists work. There is but one social science and its field is human progress. Mere existence is a physical fact, the explanation of which belongs to more elementary sciences. Social science is thus the science of human achievement. It is telic not descriptive, dynamic and functional but not structural. All social scientists are therefore in one field and have common data. They differ only as to evidence and methods.

Progress can be measured by organic changes directly seen, or by those reflected in consciousness; it can also be measured by environmental changes to which the name economic is given. Interpretations of progress thus fall under three heads: the biologic interpretation in terms of organic changes; the psychological interpretation in terms of feelings, emotions, and passions; and the economic interpretation in terms of the accumulated effects of objective modifications. The first two of these interpretations are emphasized by sociologists and the last by economists.

The decision to be made is not in relation to the *cause* of progress but as to its *measure*, and in measuring progress the sociologists mistake their opponents. It is not the economists who have proved that organic alterations are hard to make. They would gladly accept the doctrine of the inheritance of acquired characters if biologic facts permitted. It is the breakdown of this doctrine that has taken the importance from the biologic and psychic interpretations of progress. Doubt has thus been thrown on the proof of structural or emotional changes within the last 5,000 years. There seems to be as much proof of degeneration within this period as of evolution. If this is true, the only measures of progress are objective and economic. Sociologists who want other tests should direct their assaults against biology. Economists would welcome success in this attack, but they should be excused from using up their energies in what seems a hopeless task.

Dr. Ellwood's book cannot be regarded as a final statement of social doctrine. It is, however, one of the best books on sociology that has recently appeared. I regard it as the most important book that has appeared since Ross' *Social Control*. It shows evi-

dence of careful work and of great industry. Dr. Ellwood is the kind of man from whom more is to be expected. A man who states his theses boldly and defends them clearly may be wrong, but failure to him means reorganization of evidence from which new progress will come. I shall look forward with interest to Dr. Ellwood's next book and believe that it will be as much in advance of the present one, as this book is superior to any other he has published.

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Cours d'Economie Politique à l'Usage des Etudiants des Facultés et Ecoles de Droit. Vol. I. *La Production, la Consommation et la Plus Grande Partie de la Répartition.* Vol. II. *La Fin de la Répartition et la Circulation Suivies d'un Appendice sur les Finances Publiques et d'un Appendice sur les Particularités Economiques de l'Egypte.* By GEORGES BLANCHARD. (Paris: Auguste Pédone. Vol. I, 1909; Vol. II, 1912. Pp. vi, 710; 907.)

In general form and method of treatment Professor Blanchard's *Cours* is very similar to the typical French *Manuel d'Economie Politique*. It is based upon the works of Beauregard, Cauwès, Leroy-Beaulieu, Colson, and Gide; and, as one might infer from this list, the prevalent tone is that of French optimistic liberalism, somewhat tempered at points by the criticism of Cauwès and others. German and American writers seem to be little known by the author, but Mill, Jevons, and Marshall are drawn upon. It is a merit of the *Cours* as compared with many French works that some attempt is made to digest the theories of the Austrian school. The author, of course, is opposed to socialism (to which he constantly refers) and to "solidarité."

Among the first general characteristics of the book to impress one are its encyclopedic character and its eclecticism. In its sixteen hundred pages it ranges over the whole field of pure and applied economics, excepting only public finance—and that subject is discussed in an appendix! Were it only indexed or arranged alphabetically, it would serve as a dictionary of political economy; and it would be the better adapted for this use from the fact that it presents a brief statement of rival theories on each point. The encyclopedic character of the book is heightened by its arrangement. The order of topics is modified by the exigen-

cies of the two year's course in a French faculty of law. It must proceed from the easy to the difficult and cover the whole field as it proceeds. The first volume covers production, consumption, and part of distribution—in that order; and the second is devoted to distribution and “circulation,” including value. Thus it is a weakness of the presentation that logical cause-and-effect relations are too little observed in the arrangement. For example, under “circulation” the order of chapters is: (1) value, (2) exchange, (3) markets, (4) transportation, (5) money, etc.

As it is impossible to examine the whole of so comprehensive a work, the theory of value may be taken as a sample. Value is defined as a “degree of desirability.” But, we are told, this degree manifests itself in two ways: “value in use” (based on utility), and “value in exchange.” The reader is left to infer that the two are coördinate phases of desirability, for no causal or sequence relation between them is indicated. The author states that value in use is more precise and general than value in exchange; because, for instance, a medical book and a novel may have the same exchange-value, but may have different values in use. Might not one equally well observe that two goods which have the same value in use may have different prices, and conclude that exchange value is the more precise? On page 221, we are told that value in exchange is a quality of services as well as of commodities; but on the next page it appears that a thing must be material in order to have exchange-value. On the whole the theory presented is eclectic, and not very acutely reasoned. Simply, groups of buyers and sellers come together and by competition are led to exchange at a market value which allows the greatest possible number of exchanges, and which tends to coincide with a normal value fixed at the cost-of-production level. The foregoing is perhaps typical of the depth to which the author goes in theory.

Whatever one's judgment as to the book's merits on theoretical points, its value as a compendious treatment of applications and practical problems is considerable. A large amount of space is devoted to agricultural, labor, transportation, trust, and monetary problems, and in most respects the discussion appears very satisfactory. An interesting appendix takes up some special economic problems of Egypt.

In the reviewer's opinion, Professor Blanchard's eclecticism brings good results at one point, at least. He describes the

entrepreneur as one who assumes those risks of the business which are due to the fact that he (the entrepreneur) (1) combines labor and capital in order to direct their application to land, (2) owns the resulting products, and (3) endeavors to sell them for more than the expenses in wages and interest. Thus, the entrepreneur affords a certain service, runs a certain risk, and has his special advantages. These points, however, are inseparable; and profits covers all.

It is also of interest to note that the part on distribution is *begun* with chapters on socialism and on property rights. Long ago it was suggested by Rodbertus that the most logical way to discuss distribution would be to state the desiderata of a good system before describing the existing imperfect one.

Another good feature of the book is its emphasis of the close relation which exists between law and economics. Economics is defined as the study of the relations which exist among men living in society—in so far as men have for their objects their own well-being. This emphasizes the true social point of view: not all means of gaining wealth are treated, for some are forbidden by conscience and others by law. In a word, some are anti-social.

As one turns from the perusal of a manual like that under discussion, the question occurs, Why do we have so few such works in America? Taussig's recent manual is the only work which can be compared with it. Surely there would be room for a treatise covering the whole body of knowledge on economic matters, stating and weighing various theories, and bringing out the numerous qualifications which have to be made in order to approximate the whole truth. It must be helpful to an author to try to state and classify all variations and qualifications, and to weigh and synthesize different theories; and many readers would find it helpful.

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Source Book in Economics. Selected and Edited for the Use of College Classes. By FRANK A. FETTER. (New York: The Century Company. 1912. Pp. 385.)

Seven years ago, at the Providence meeting of the American Economic Association, the success of a prospective attempt to collect a useful volume of collateral readings for the elementary course in economics was gravely doubted. Professor Bullock's

Selected Readings very soon appeared and instructors at once recognized the advantage of having easily available for the student body not only illustrative extracts from original sources, but also such classic passages as Adam Smith's "pin" chapter and Bastiat's "the seen and the unseen" in capital accumulation. Professor Fetter's *Source Book* is the second attempt to collect, in a formal volume for general use, material illustrative of economic principles and structure. The readings in these two volumes, although taken from different sources in every instance, are of similar character, except that the latter gives no space to economic history, presents a somewhat less proportion taken from secondary sources, and naturally contains material from more recent developments. The two conveniently supplement each other and constitute the total of publications of this sort in English for general use; but there are excellent bulletins issued from time to time by the Department of Political Economy of the University of Chicago, and a volume, likewise for private use, by Professor F. M. Taylor.

The forty-three different selections which comprise Professor Fetter's volume are arranged under seven headings as follows: Markets and Prices; Wealth and Its Uses; Capital and Investment; Labor and Population; Costs, Profits, and Monopoly; Private Incomes and Social Welfare; the State and Industry. Those familiar with the editor's *Principles of Economics* will recognize in these headings the order of topical arrangement in that textbook. The readings are evidently, and properly, intended to be rendered easily available for use in connection with it; but instructors making use of other texts will find no difficulty in choosing appropriate sections for their students. More than two thirds of the selections are culled from a wide range of public documents and reports of governmental and voluntary organizations, while but very few are taken from the ordinary secondary sources. Each extract is designed to correspond with a principle or a concept of the science. Elasticity of demand is thus given the touch of reality to the student, by means of material taken from H. C. Taylor's bulletin of the University of Wisconsin Agricultural Experiment Station on price variations in food; depreciation of plant as an element in cost, by means of a few paragraphs from the Tariff Board's report on cotton manufactures; general wages in given classes as affected by cost of living, by means of extracts from a bulletin of the Bureau of Railway Eco-

nomics, and from Jenks and Lauck's *The Immigration Problem*; and so on. The readings thus present concrete facts lying beneath the more important concepts and principles, and illustrate them in an interesting and illuminating manner. Brief editorial notes precede each selection, making more certain the student's grasp of the chief point at issue.

The beginner in economics is ordinarily in much need of enthusiasm for his subject and of information on the organization of industrial society. Therefore, whether a class is composed of twenty or fewer students and the method of drill in reasoning is adopted by the instructor; or of more than twenty students and the method of emotional appeal is perforce predominantly employed, a reading book for use in connection with the text on principles should accomplish at least two results: it should give the student, within the space limits permitted, the widest possible knowledge of economic structure; and it should help to give him a livelier interest in the analysis of principles than can be given by the study of the usual textbook alone. Judged by this test Professor Fetter's volume deserves warm commendation.

Perhaps the ideal book of supplementary readings for the beginning course would be one in which illustrative matter, gathered from a variety of representative sources, is recast, rewritten, and "adapted" to the purpose in hand so as to present a systematic whole. Such a book, however, might not repay the editor for the expenditure of his time and energy since newer and fresher sources of material are constantly produced, and the work would need to be done over at frequent intervals. The bulletins issued by the University of Chicago show a tendency in the right direction for selections are, in some instances, "adapted," *i.e.*, to some extent rewritten, in order to give them more telling effect. When these bulletins take their final form in a volume available for general use, an acceptable additional facility will be made to those now at hand for making the elementary course a still more important feature of the curriculum.

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NEW BOOKS

DIETZEL, H. *List's System und die nationale Wirtschaftspolitik.* (Tübingen: J. C. B. Mohr. 1912. Pp. iii, 52. 2 m.)

FISHER, I. *Suggested problems for teachers for use with elementary*

principles of economics. (New York: Macmillan. 1912. Pp. 4, 34. 50c.)

FRIDRICHOWICZ, F. *Grundriss einer Geschichte der Volkswirtschaftslehre.* (Leipzig: Duncker und Humblot. 1912. Pp. vii, 267. 6 m.)

GRAZIANI, A. *Teorie e fatti economici.* (Torino: Bocca. 1912. Pp. 499. 6 l.)

HELLWIG, E. *Die Theorien über den Zusammenhang von Produktion und Kaufkraft.* (Berlin: Puttkammer und Mühlbrecht. 1913. Pp. 101. 2 m.)

KELLER, F. *Unternehmung und Mehrwert.* (Paderborn: F. Schöningh. 1912. 1.50 m.)

LADENTHIN, F. *Die Entwicklung der nationalökonomischen Ansichten Fr. Lists von 1820-1825.* (Vienna: C. Konegen. 1912. 3.50 m.)

LEVY, H. *Die Grundlagen des ökonomischen Liberalismus in der Geschichte der englischen Volkswirtschaft.* (Jena: Fischer. 1912. 3.50 m.)

MARTELLO, T. *L'economia politica et la odierna crisi del darwinismo.* (Bari: G. Laterza. 1912. Pp. xii, 530. 5 l.)

NOGARO, B. *Éléments d'économie politique: production, circulation.* (Paris: Giard et Brière. 1912. 5.50 fr.)

NOEL, O. *Principes d'économie politique et sociale. Cours professé à l'école des hautes études commerciales.* Vol. I. *Notions fondamentales. Production des richesses.* Vol. II. *De la circulation des richesses.* (Paris: Pédone. 1912. 18 fr.)

PATTEN, S. N. *The reconstruction of economic theory.* (Philadelphia: The American Academy of Political and Social Science. 1912. Pp. 99. \$1.)

To be reviewed.

PIERSON, N. G. *Principles of economics.* Vol. II. Translated by A. A. Wotzel. (London: Macmillan. 1912. Pp. 670. 10s.)

To be reviewed.

PIGOU, A. C. *Wealth and welfare.* (London: Macmillan. 1912. Pp. xxxi, 493. 10s.)

To be reviewed.

SILBERSTEIN, F. *Dogmenkritische und systematische Versuche zur Lohntheorie.* (Munich: J. Lindauer. 1912. 2 m.)

SOMBART, W. *Studien zur Entwicklungsgeschichte des modernen Kapitalismus.* Vol. I. *Krieg und Kapitalismus.* Vol. II. *Luxus und Kapitalismus.* (Leipzig: Duncker und Humblot. 1913. Pp. viii, 220; viii, 232. 6 m. each.)

To be reviewed.

- STEFFEN, G. F. *Die Grundlage der Soziologie*. (Jena: E. Diederichs. 1912. Pp. 133. 3 m.)
- TILLE, A. *Lujo Brentano und der akademische Klassenmoralismus*. (Berlin: Otto Elsner. 1912. Pp. 174. 2 m.)
- WALSH, R. *The principles of industrial economy*. (London: King. 1912. Pp. 272. 6s.)
- WARD, L. F. *Glimpses of the cosmos*. To comprise twelve volumes. (New York: Putnam. 1912. \$2.50 each.)
- WOOD, G. C., compiler. *Dr. Chalmers. The opinions concerning political economy and social reform*. Compiled from his writings. (London: Douglas. 1912. Pp. 118. 1s.)

Economic History and Geography

The Evolution of Industry. By D. H. MACGREGOR. Home University Library, No. 28. (New York: Henry Holt and Company. 1912. Pp. 254. \$.50.)

To "describe the recent changes which have given us the present condition of the working classes," is the author's purpose. Thus he hopes to "help to explain the unrest which is so great a feature of this critical time," and, while stopping at the threshold of socialism, upon which Mr. J. Ramsay MacDonald has already contributed a volume to the Library (cf. AMERICAN ECONOMIC REVIEW, vol. I, p. 628), to make his study a way of approach to that larger question.

The key to industrial evolution in the nineteenth century, in which alone Professor Macgregor studies it, he finds in the two methods by which invention has met the pressure of growing population upon land which does not grow: in the discovery of resources, and in the discovery of processes—of new appliances, of new skill, and of new organization which has itself resulted in large measure from new appliances and from skilled specialization of laborers. How this has come about is the subject of the third chapter, which gives an admirable survey of the reasons why "the great feature of the last quarter of the century is the extent to which politics become concerned with the social results of industry."

In chapter 4 certain root problems—education and child labor, women in industry, the minimum wage—are taken up, chiefly through the medium of recent British legislation. Therein Professor Macgregor finds three phases of "the modern attitude." The first is the dawning recognition in industry, as long before

in politics and in law, of personal right and of personal value. "When 'the case of John Brown unemployed' is felt to create the same need for redress as the case of 'Captain Dreyfus wrongly condemned,' the industrial standard will have been placed on the same level as the standards of law and civics." The second is the recognition that in the health, the intelligence, and the cheerfulness of its workers the nation has an "internal" wealth quite as worthy legal security as its "external" wealth in material property. And this security is afforded, in part at least, by the third modern idea, that of minimum conditions.

The system itself in which industry has come to be organized to distribute the national dividend among those who share it is described and criticized in the next four chapters: The Question of the System, The People and the Land, Competition and Association, and Types of Industrial Government. Professor Macgregor concludes that throughout the century "the relation of employment and the development of competitive enterprise imply the government of the great field of national labour by those who are not under the direct industrial control of the people." At present, through the trust movement, forces are shaping themselves in the largest part of the field of industry, towards completer results in the way of non-democratic leadership; and the history of legal attempts, in England and America, to prevent this "has not been a distinguished one." Whether this non-representative manner of leadership shall continue to regulate the policy by which goods are made and marketed, and the political power of the people shall be further used merely to redistribute the surplus gains of industrial leadership, or whether industrial government shall be made directly democratic, is the question to which the concluding chapter is addressed.

Limitation to two hundred and fifty duodecimo pages has compressed Professor Macgregor's volume to a high degree of density. It is full of facts and stuffed with ideas. No abstract could do it justice. Almost it produces the impression of being itself an abstract. Many volumes of the series in which it appears are easier reading; few will better repay study. As an introduction it may be found pretty stiff. But the more knowledge of the subject a reader brings to this book, the more highly will he appreciate the author's thoughtfulness and insight.

CHARLES H. HULL.

Cornell University.

Changing America. By EDWARD ALSWORTH ROSS. (New York: The Century Company. 1912. Pp. 236. \$1.20.)

The reader of *Changing America* must not expect the same luminous and comprehensive consideration of the course of American social and economic transformation as he obtained of the Chinese in Mr. Ross' *Changing Chinese*. The more recent book consists of a number of occasional essays or addresses about different phases of modern American life, which are pulled together partly by an introduction and partly by some consistency of subject matter. The separate essays contain the results of much shrewd observation of contemporary tendencies. The author points out, for instance, that the worst obstacle to peace and disarmament consists in the varying birth-rates of different countries. Or again he remarks that the prevailing political radicalism in this country, unlike that of the nineties, is "no frothing up of economic distress." The reader will be interested throughout by the citation of many interesting and sometimes inaccessible facts, by the sense of the author's close contact with the realities of contemporary American life, and by a liveliness of phrasing and epithet that sometimes goes to extremes. He might well put the book down, however, with some disappointment due to the fragmentary and frequently uncritical treatment of the material, but with the hope that some day Mr. Ross will give to the public that more systematic account of the newer United States, which he is so well qualified to write.

HERBERT CROLY.

England's Industrial Development. By ARTHUR D. INNES. (New York: The Macmillan Company. 1912. Pp. xvi, 374. \$1.60.)

An Introduction to English Industrial History. By HENRY ALLSOPP. (New York: The Macmillan Company. 1912. Pp. xl, 151. \$.60.)

The remark of Mr. Innes that there is no superabundance of brief guides through the intricacies of English industrial history is unquestionably true. His work and that of Mr. Allsopp, both bearing the imprint of 1912, do something to relieve the situation. The plan of the first of these books is to divide English history into three periods, the Middle Ages, the Mercantile Period, extending to 1763, and the Period of the Industrial Revolution, extending to the present. The field in which the author is most in-

terested is indicated by the fact that the last division is almost as long as the other two together, though the period of time it covers is so much less. "All good things are three," and the author finds a threefold support for this division into three periods. The first is an agricultural period, the second maritime, the third manufacturing; the first is occupied with the consolidation of a nation, the second with the acquisition of an empire, the third with the organization of an empire; from the theoretical point of view, the second and third at least are marked by the prevalence respectively of the mercantilist and the individualist conception of the state. Accordingly in each of these three periods an account of political occurrences and an analysis of dominant economic theories precedes the description of economic institutions and the narrative of economic changes.

Doubtless we should be grateful for any thread to lead through the labyrinth of history, but much of this seems somewhat fanciful, and in the actual working out things often refuse to be so systematically classified. Historical phenomena in this narrative frequently either appear more than once, or, as in the case of colonization and the continental system, appear where we should hardly have looked for them. However, the actual facts of industrial history are told in Mr. Innes' book with clearness, moderation, interest, and a fullness quite remarkable for a book of only 368 pages. This compression without loss of lucidity is attained by dealing in statements rather than discussions. Where there is a profound difference of opinion among professed scholars the author has stated both views clearly, and frequently accompanied them with an alternative statement of his own, based perhaps rather on an eclectic process of choosing what is most reasonable than on a new and independent examination of the sources. Sometimes this leads to a somewhat subjective treatment of history and sometimes to actual mistakes, as in his suggestion that the Tudor legislation against enclosures may have been inspired by the *Utopia*, and his statement that this legislation "began with the inquisition or inquiry instituted in 1517." Two important laws against enclosures were passed in 1488, 4 Henry VII, chaps. 16 and 19; and two more in 1515 and 1516, 6 Henry VIII, chap. 5, and 7 Henry VIII, chap. 1. The *Utopia* was not published until the last of those years. The inquisition of 1517 presupposes familiar legislation on the subject with which it deals, and was directed toward the discovery of violations of these laws.

Mr. Innes seems to underrate the completeness of the disappearance of the ideal of individualism in recent times; but that is a matter of personal judgment. Just what economic or social theories are at any time dominant is difficult to determine. There is far less clearness and far less homogeneity in men's ideals than we are apt to imagine; theory has followed rather than preceded both practical action and legislation, and the whole influence in social history of generalized conceptions has probably been less than is attributed to them in this and most other books.

It is significant that the last five chapters in this book have nothing to do with its title, strictly interpreted. Legislation on hours of labor and strikes for the recognition of trade unions are certainly not matters of industrial development. As a matter of fact the condition of the mass of the people has forged to the front as the great question of our age, and has superseded interest in the actual processes by which wealth is created or exchanged. In the multiplicity of occurrences and complexity of social movements during recent times the author has preserved clearness, fairness, and good judgment; and we can only echo his pious hopes that the general reader may enjoy the book as much as the writer and the reviewer have.

Mr. Allsopp's book is still shorter and more elementary than that just described. In fact it is hard to picture the class that needs so much "writing down" to. Nevertheless if the whole story is to be given in 150 pages, simplicity and vivacity are no mean virtues. But sometimes concreteness and vivacity may be obtained at the expense of scholarship, even of truth. Mr. Allsopp's description of the tenants of a manor in the time of William the Conqueror meeting to cast lots for the possession of the strips in the open field, is a quite fanciful and quite incorrect picture. We know absolutely nothing of the origin of the system of scattered strips. That it was a device for attaining fairness of division is purely a guess; that the open field acres were distributed annually by lot during the Norman period is purely a fiction. The supposed conversation in a process of barter between a peasant and a blacksmith is almost equally inconceivable. The "barter stage" is probably a myth. There is not a single contemporary statement of its existence in mediaeval England. What preceded exchange through the medium of money was either a state of communal ownership, of possession of only what one himself made, or of no possessions at all of an exchangeable kind.

The latter part of the book is less full of mistakes, and contains much that is true, wholesome, fair-minded, and above all, bright and interesting. But it is certainly not necessary that simplicity should be accompanied by such carelessness of statement, or that brevity should make its appeal to such a juvenile audience.

E. P. CHEYNEY.

University of Pennsylvania.

Two Select Bibliographies of Mediaeval Historical Study. I. A Classified List of Works Relating to the Study of English Palaeography and Diplomatics. II. A Classified List of Works Relating to English Manorial and Agrarian History from the Earliest Times to the Year 1660. By MARGARET F. MOORE. With a preface by HUBERT HALL, and a description of the mediæval historical classes at the London School of Economics. (London: Constable and Company. 1912. Pp. 185.)

The bibliography of manorial and agrarian history takes up the larger part (pp. 71-185) of this book. Allowing for repetitions, there are about a thousand entries in this section. Compared with Miss Davenport's *Classified List* of 1894, on the same subject, the present bibliography has more than twice the bulk; and though it differs by including modern works, a large part of the increase falls in the section of published sources. The student of the subject will be grateful for the more efficient means of investigation now put at his command. He will miss the somewhat detailed classification of Miss Davenport's *List*; the present bibliography, after brief sections on manuscript collections and bibliographies of printed works, lists publications in only two main classes, sources and modern works, subdividing each class into collections, single works and periodicals. The justification of such a course appears, however, in the composite character of many of the publications listed; and as the editor, under each entry, notes the chief features of the contents, when they are not indicated by the title, and has provided an excellent index, by author or title (lacking in Miss Davenport's *List*), as well as place, and also by class (accounts, customals, extents, maps, etc.), she deserves credit not only for extending the work of her predecessor but also for improving the means of utilizing it.

A cursory examination of the titles listed reveals no serious

omissions. Jessopp's *Coming of the Friars* might well have been included, and doubtless there are other examples of the failure to include appropriate material. In the reviewer's opinion the bibliography needs compression more than expansion. The editor should not list Gibbins' *Industry in England* if she is not prepared to give the titles of other and better books of the same class (Warner, Cheyney, etc.). The books on continental agrarian history might well be omitted altogether, for the selection from them appears to be perfectly arbitrary. The list includes Dareste de la Chavanne and Doniol, and omits See; it includes Fustel but not Glasson or Flach; it includes Seeliger but omits reference to Lamprecht, Inama, Wittich, etc. The editor had to face a difficult question in determining whether she would include general constitutional and legal histories of England, and may have done wisely in deciding against them; but she can scarcely justify her course when the list omits Stubbs and Pollock and Maitland, but includes Waitz and Brunner; when it omits Kemble but includes Maurer.

Miss Moore is not consistent in her bibliographical practice. Occasionally she gives the place of publication of a book, and notes the fact if it appeared as part of a series; as a rule the bare date of publication is the only information offered. The reviewer holds this to be a serious departure from good bibliographical usage, and must express the hope that it does not represent a settled policy to be followed later by contributors to the series of bibliographies of the London School of Economics. In other respects editor and publisher have done their work well; misprints noted (in titles 60, 710, 793, 845) are of trifling importance.

CLIVE DAY.

Yale University.

La Toile Peinte en France au XVII^e et au XVIII^e Siècles: Industrie, Commerce, Prohibitions. By EDGARD DEPITRE. (Paris: Marcel Rivière et Cie. 1912. Pp. xvii, 271. 9 fr.)

Students of economic history have long been familiar with the efforts made by various European states, in the seventeenth and eighteenth centuries, to protect the old established domestic manufactures of wool, linen, silk, etc., against the growing vogue of East Indian textiles. Depitre has investigated a longitudinal section of this field, and in his book presents the first compre-

hensive study of France' prolonged experiment, 1686-1759, in prohibiting the importation of Indian calicoes, the manufacture of domestic imitations, and the use of either.

The phrase *toile peinte* was originally applied to the hand-painted cotton fabrics which were brought to Europe by the various East India companies. The name was strictly accurate, for the colors were put on with the brush. But it was soon given—presumably by the enterprising manufacturers—to printed imitations, where the color or colors were put on the white cotton fabric with wooden moulds, applied by hand. The fabrics of this latter sort are the calicoes we are familiar with. It thus happens that *la toile peinte* may mean either the genuine *indienne* or the printed calico which has supplanted it.

The first prohibitions in France forbade the importation and use of Indian or printed calicoes, and also the printing of calicoes or other fabrics. Mercantile theories will explain the ban upon importations. The checking of the nascent domestic manufacture rested, in the main, upon the pressure the old manufactures were able to bring to bear upon the government, upon the crudeness of French technique in printing (which made successful competition with the Indian calico improbable), and, finally, upon the belief that since France set the fashions for the world she could, by abandoning the use of *toiles peintes* at home, discredit it abroad, and thus increase the foreign demand for her older textile manufactures.

Depitre devotes seventy pages to tracing and briefly accounting for the mutations of repressive legislation from 1686 to 1748: "il faut voir comment, soit l'object, soit la portée des règlements succesifs a souvent varié et quels retours curieux a subi la législation prohibitive. . . . Cette première tâche était facile: elle ne demande qu'un peu de patience" (p. ii).

The enforcement of the prohibitions proved to be impossible. A few of the more prominent reasons may be set forth here. Special privileges exempted Marseilles from their operation; the penalties were so high that the judges would not enforce them; the authorities did not dare to prosecute ladies of high degree, who found that the great attractions of the forbidden fabrics were made irresistible by the very fact that they were forbidden; the underlings of the law, the *gâpians* (who are so vividly depicted in Funck-Brentano's *Mandrin*), were wretchedly paid and corruptible. In a word, "gênée par mille obstacles, la répression n'a

jamais été exacte que momentanément et localement: d'une façon générale, la liberté d'user de la toile peinte a toujours été suffisante pour alimenter un important commerce clandestin et une contrabande active" (p. 122). The profits of the smugglers were so great that they could suffer the capture of two thirds of their goods and still prosper. The risks of capture were so slender that they were covered by an insurance of 10 per cent (p. 136).

After 1740 the government rapidly abandoned any effort at real enforcement of the laws and soon agitation for repeal began. Perhaps the most illuminating part of the book is that which presents, with copious extracts, the battle of the pamphlets and the press for and against repeal. The partisans of the old manufactures formed a secret cabal, and furnished a standardized petition of grievances, as it may be called, by the use of which, from all over France, the government was inundated with memoirs showing a remarkable unanimity of opinion against the *toiles peintes*.

The abandonment of repression was due in part to its failure and to the growth of laissez faire ideas, but among the other coöperating causes the author emphasizes the role played by the improvement of printing technique. The foreigner had discovered how to print attractive and durable calicoes, and the French "surprised their secrets."

The final chapter of the book sketches the development of calico manufacturing after the ban was lifted in 1759, and the oscillations of legislation down to the outbreak of the Revolution.

The book is based upon a wide use of unprinted and printed materials; the bibliography covers pages ix to xvii. A comparison with the defective treatment of the subject in Levasseur's last volume (*Histoire du Commerce de la France*, vol. I, pp. 497-498) indicates sufficiently the worth of Depitre's labors.

G. C. SELLERY.

University of Wisconsin.

L'Abbé de Saint-Pierre: l'Homme et l'Oeuvre. By JOSEPH DROUET, (Paris: Librairie Ancienne Honoré Champion. 1912. Pp. viii, 397. 10 fr.)

M. Drouet's comprehensive monograph on the seventeenth-century abbé, academician, philanthropist, and "apothecary of Europe," as his contemporaries styled him, is a thorough and

workmanlike achievement, and will doubtless supersede Goumy's and de Molinari's studies as the definite account of the man and his work. The author has an abiding enthusiasm for the industrious old dreamer—whom he endeavors to portray as less of a dreamer and more of a practical opportunist than popular tradition has recognized—but he retains throughout his sense of proportion, and gives a very discriminating estimate of the abbé's place in history. We follow the young Norman through his Jesuit schooling, his ardent pursuit of science in Paris, his favor at court and appointment as almoner to Madame, his election to the Academy through Mme. de Lambert's favor and his expulsion from it—nothing in his life as academician becoming him like the leaving it—on account of his mild criticism of Louis XIV. With the details of his life, or with the traits of character that led to La Bruyère's famous caricature of him as Mopse, most importunate of bores, or with his well-known project of universal arbitration and his schemes for the reform of the government of France, the economist is not directly concerned. More pertinent is his plan of tax reform, based on personal declaration of income and minute classification according to source, adopted with varying success in Picardy and Limoges and other provinces of France, and undoubtedly influencing Turgot. His writings on the reform of the system of state loans, on chartered companies, on road betterment and on poor relief show throughout capacity for detailed and ingenious working out of other men's general ideas, and entitle him to a modest place among the forerunners of the physiocratic school.

O. D. SKELTON.

Queen's University, Kingston, Ontario.

Le Facteur Economique dans l'Avènement de la Démocratie Moderne en Suisse. I. L'Agriculture à la Fin de l'Ancien Régime. By WILLIAM E. RAPPARD. (Geneva: Georg & Co. 1912. Pp. 235.)

In the form in which it reaches us this book is but part of a large design. The author has planned to study the industrial revolution and the rise of the democracy in Switzerland, in the first half of the nineteenth century, in relation to their historical causes and their reaction on each other. Diverted from his work by the call to an American university, he has published an instalment of the whole work, an admirable monograph on Swiss

agriculture about 1800. The first chapter describes the technical and economic conditions affecting the chief products of agriculture; a second describes the organization in regard to land tenure and leadership; and a third describes the feudal charges on agriculturists, and discusses their economic, social and political effects. The book is based on an imposing array of printed sources (pp. 215-230), and also on manuscript material from the federal and provincial archives. A tendency to grandiloquence appearing in the more general passages does not impair the practical quality of the bulk of the work, which is executed with a judgment and precision that testify to excellent scientific training, and give good promise for the future.

Swiss agriculture at the end of the old régime was marked by the relative importance of the pastoral element compared with the arable, and by the predominance of small peasant properties. The proprietors were often in debt, and labored generally under feudal charges, of which the oppression was felt more keenly as the cultivators began to produce for the market, and sought to improve their methods of production. The opposing interests of debtor and creditor, of country people and city people, roused the peasants to a consciousness of class, and made them ripe for a revolutionary movement, when this began among the enlightened members of the city population.

In this substantial book the author has made a mere beginning on the comprehensive project, which would include similar studies of Swiss industry and trade, social classes, and social and political movements. We hope the project may be continued and completed.

CLIVE DAY.

Die schweizerischen Industrien im internationalen Konkurrenzkampfe. By DR. PETER HEINRICH SCHMIDT. (Zurich: Art. Institut Orell Füssli. 1912. Pp. 297. 6 m.)

In the first part, the author reviews in a suggestive rather than in an exhaustive and comprehensive way the geographic location of Switzerland, its natural resources, its laboring population, its capital and its importations of large quantities of raw materials and of coal. He also discusses the influx of foreign workmen. Dr. Schmidt views the latter with apprehension; however, he expresses the conviction that the tendency towards large-scale

production will be checked, thus dispensing with the necessity for drawing upon foreign unskilled labor. The Swiss have succeeded because of their intelligent specialization where quality of the work counts. Natural conditions surrounding their manufacturing activity prevent them from underselling; therefore their competitive strength will remain, as it has always been, in their characteristic workmanship.

Part II deals with the struggle for markets; here the author reviews the leading Swiss industries, those producing for domestic consumption and those relying mainly upon export trade; he gives a brief history of each industry, shows its present status and forecasts its probable future. The Swiss conquest of the foreign markets has been due less to governmental aid and concerted action than to individual enterprise.

Throughout the book Dr. Schmidt devotes much attention to an enunciation of the principles of theoretical economics and of economic geography. At times his reasoning seems to be influenced by his desire to prove his case; thus, on page 106 he makes the unqualified statement that the differences in the cost of production between various countries are due mostly to differences in the scale of wages, the wage representing the greatest item of productive cost; on page 186, discussing the same problem, he enumerates the many variables which enter into the valuation of a finished commodity and finds some of these unsuited to a quantitative analysis; on page 267 he admits that a low wage and a low standard of living denote a lower efficiency of labor; in the case of high grade products there is little to fear from the competition of those countries where the laborers are poorly paid. The author is of the opinion that the industrialisation of such countries as formerly produced only raw materials should be welcomed by the Swiss; it means the increase of their purchasing power and a better outlet for Swiss products.

The book is lucid in style and holds one's attention. It is to be regretted that, in his desire to be of interest to the general reader, Dr. Schmidt omitted from his text such data (statistical and other) as would have shown the means by which he arrived at most of his conclusions, and would have given a more precise knowledge of Swiss commerce.

SIMON LITMAN.

University of Illinois.

Zur Frage des Ursprungs der mittelalterlichen Zünfte. By WALTHER MÜLLER. Leipziger historische Abhandlungen, XXII. (Leipzig: Quelle und Mayer. 1910. Pp. xii, 92. 3.20 m.)

This study, a Leipzig doctoral dissertation, written under the direction of Seeliger and Doren, is much above the usual standard of its class. The author, after a survey of the various theories about the origin of the craft guilds, goes again over the ground covered by his predecessors, beginning with the *Capitulare de villis*, to determine the status and organization of the industrial class in the early Middle Ages, and seeks then to demonstrate the origin of the craft guilds from manorial groups (*Acmtor, officia*), organized under masters in this early period. The author ranges himself, therefore, with those who adhere to the "Hofrechtliche Theorie," and places himself in opposition to the followers of Von Below, who assert that the guilds arose in the independent association of free industrial laborers for the exercise of market monopoly.

Curiously enough, almost simultaneously with the appearance of this study, a student of Von Below published one similar to it (Wilhelm Gallion, *Der Ursprung der Zünfte in Paris*, Abhandlungen zur mittleren und neueren Geschichte, herausgegeben von Von Below, etc., Heft 24), in which he drew from a portion of the same material absolutely contradictory conclusions. The present condition of the problem is well illustrated by this situation. Müller adduces evidence, more or less plausible, of organization of dependent artisans in the early period, argues that the local grouping of artisans made some organization natural and necessary, and believes that Strassburg furnishes an example of continuous development from manorial "officia" to the later guilds. Too often, however, the significance of his texts depends upon the meaning which he reads into them, and of a contrary interpretation he says simply that "it must be rejected." The followers of Von Below have an advantage in that the formation of guilds by free association is an uncontested fact of the later period, and they challenge the advocates of manorial origins to show the slightest difference between these and the earliest guilds.

The best part of Müller's work is that in which he analyzes the position of the early class of artisans, and shows that the same man could be unfree in that he was a manorial dependent, while economically he was free in the sense that he could devote a con-

siderable portion of his time to independent production for the market. It seems highly probable that investigators have made their categories too narrow and artificial, and that later studies will show the gilds to have originated neither in freedom nor in unfreedom, pure and simple, but in a somewhat complicated mixture of the two. The past has proved, more than once, that a primitive organization has appeared to us simple because we have known so little about it.

CLIVE DAY.

Yale University.

Randbemerkungen zu Werner Sombart's "Die Juden und das Wirtschaftsleben." By M. STECKELMACHER. (Berlin: Verlag von Leonhard Simion Nf. 1912. Pp. 63. 1.20 m.)

This is one of the large number of reviews of Sombart's work, which was itself noticed in the March, 1912, issue of this REVIEW (pp. 81-84). It seems, with one exception, noted below, to be the only review which has appeared in separate book or pamphlet form, though at least one has assumed even larger dimensions. Dr. Steckelmacher addresses himself chiefly to refuting Sombart's onslaught on the Jewish race and religion, contained in parts II and III of his work, entitled "Qualifications of the Jews for Capitalism" and "Significance of the Jewish Religion for Economics," though he also assails as exaggerated or inaccurate some statements in the earlier section, "Part of the Jews in the Development of Economic Society."

Among the other eminent scholars who have discussed the Sombart volume are Moses Hoffmann in his *Judentum und Kapitalismus* (Berlin, 1912), reprinted from *Jüdische Presse*, May 18, 1911 *et seq.*; Bondi, in *Jahrbuch der Jüdischen Literatur Gesellschaft*, vol. VIII, p. 1910, *Die wirtschaftliche Tüchtigkeit der Juden*, pp. 378-431; Georg Caro, in *Allgemeine Zeitung des Judentums*, volume for 1911, pp. 244-246 (May 26, 1911); Güdemann, in *Monatschrift für Geschichte und Wissenschaft des Judentums*, May-June, 1911 issue; Emil G. Hirsch, in *Reform Advocate*, vol. XLII, pp. 445-447 (issue of Nov. 11, 1911); Joseph Jacobs, in *American Hebrew*, vol. LXXXVIII, pp. 767-768 (April 28, 1911); J. H. Levy, in *Jewish Chronicle of London*, June 23, 1911, issue, p. 19; Franz Oppenheimer, in *Die Neue Rundschau*, 1911, p. 889 and in *Die Welt*, vol. XV (1911), p. 535; Rachfahl, "Das Judentum und die Genesis des modernen

Kapitalismus" in *Preussische Jahrbücher*, 1912, vol. CXLVII, pp. 17-86; S. Schechter in the *New York Times*, Sunday, March 3, 1912, Magazine Section, part V, p. 10; Samuel Schulman in the *American Hebrew*, vol. XC, pp. 695-697, 713 (April 5, 1912), address delivered before the "Judaeans," New York; and E. R. A. Seligman in the *American Hebrew*, vol. XC, p. 523, March 1, 1912, *New York Tribune*, Feb. 26, 1912, and *New York Times*, Feb. 26, 1912, reports of discussion before the "Judaeans," New York, Feb. 25, 1912. A collection of these printed reviews would be valuable in supplementing and correcting Sombart's work in a comparatively new field of inquiry.

MAX J. KOHLER.

Géographie Economique. L'Exploitation Rationnelle du Globe.

By PIERRE CLERGET. (Paris: Octave Doin et Fils, Editeurs. 1912. Pp. 473. 5 fr.)

The book by Pierre Clerget treats economic geography as a study of "the exploitation of the earth," while social or political geography examines the relation of the state to the land: the two parallel sciences together constituting human or anthropo-geography. In accordance with this definition, the emphasis is on man rather than nature, that is, on human activities as conditioned by nature, rather than on nature in relation to man. For this reason, the classification of the work, in the series of which it forms a part, as "applied sociology," seems not altogether amiss.

Part I is devoted to the environment. Characteristically, there is only one chapter on the physical environment, while there are three on the human environment, including population, cities, and labor conditions. Part II has to do with the development and forms of extractive industries, other than mining; and part III, with mining, manufactures, and transportation. The arrangement is thus topical rather than regional, and the method of treatment is discursive rather than didactic, the purpose being to explain not so much what is as how it came to be. As a result, there is a notable moderation in the use of descriptive matter and statistics.

The work contains little that is new and it is open to criticism in places, particularly in the chapter on physical environment. On the whole, however, it is a convenient digest of the extensive French literature on the subject; and it may be especially commended to such as still adhere to the old view of economic geography as merely a study of natural controls of industry.

There is an excellent bibliography (pp. 455-459), though the titles are all in French except one; and a brief index.

EDWARD VAN DYKE ROBINSON.

University of Minnesota.

NEW BOOKS

BANCROFT, H. H. *The new Pacific*. Revised edition. Originally published in 1899. (New York: The Bancroft Company. 1912. Pp. 549.)

BOGART, E. L. *The economic history of the United States*. Second edition. (New York: Longmans. 1912. Pp. xv, 597, illus. \$1.75.)

Rewritten and revised; new chapters on currency and labor. So drastic has been the revision in order to keep pace with economic progress that the book, according to the author, may almost be regarded as new.

BONSAL, S. *The American Mediterranean*. (New York: Moffat, Yard & Co. 1912.)

Includes a discussion of the possibilities of developing our commerce with the West Indies and with Central and South America.

BURKE, E. *Speech on American taxation*. Edited by E. J. PAYNE. (London: H. Frowde. Pp. 156. 2s. 6d.)

BRYCE, J. *South America; observations and impressions*. (New York: Macmillan. 1912. Pp. xxiv, 611, maps. \$2.50.)

Considers the economic resources and the prospect for developing industry and commerce.

CALDERON, D. I. *Bolivia*. (Washington: Pan American Union. 1912.)

CHANNING, E. *A history of the United States*. Vol. III. *The American Revolution*. (New York: Macmillan. 1912. Pp. 585.)

Chapters 13 treats of "economic adjustment."

CHANNING, E.; HART, A. B.; and TURNER, F. J. *Guide to the study and reading of American history*. Revised and augmented edition. (Boston: Ginn. 1912. Pp. xv, 650. \$2.50.)

Originally published in 1896; now greatly enlarged. Its scope has been extended from 1865 to 1910, and naturally the contents have been strengthened by references to the literature which has appeared since 1896. Professor Turner has enriched the volume with his storehouse of knowledge of the West.

CRESSATY. *L'Égypte d'aujourd'hui, son agriculture, son état économique et politique, ses ressources financières, sa fortune immobilière et sa dette hypothécaire*. (Paris: Rivière. 1912. 8 fr.)

DOLERIS, J. A. *Le Nil argentin, étude économique et agricole sur les régions du Sud argentin, Neuquen, Rio-Negro, Confluencia*. (Paris: P. Roger et Cie. 1912. 5 fr.)

FLECK, A. A. *Kanada. Volkswirtschaftliche Grundlagen und weltwirtschaftliche Beziehungen.* Probleme der Weltwirtschaft, 10. (Jena: Fischer. 1912. Pp. xiv, 367. 13 m.)

FOSTER, W. *The English factories in India.* Vol. VII. 1642-1645. (London: Henry Frowde. 1912. 12s. 6d.)

GIBBINS, H. de B. *Industry in England. Historical outlines.* Seventh edition, revised. (London: Methuen. Pp. 506. 10s. 6d.)

GRANGER, F. *Historical sociology. A textbook of politics.* (New York: Dutton. 1912. Pp. xiv, 241. \$1.25.)

GREEN, F. E. *The awakening of England.* (London: Nelson. 1912. Pp. 369, illus. 2s.)

A plea for the revival of agriculture in England.

GRIFFIS, W. E. *Belgium: the land of art, its history, legends, industry, and modern expansion.* (London: Constable. 1912.)

GRIGAUT, M. *Cours de géographie industrielle.* (Paris: Dunod et Pinat. 1912. Pp. vi, 320, maps. 4.50 fr.)

HARTL, G. *Die wirtschaftliche Organisation des deutschen Baugewerbes in Vergangenheit und Gegenwart.* (Berlin: Parey. 1912. Pp. 237. 4.50 m.)

HEILBORN, A. *Die deutschen Kolonien.* Aus Natur und Geisteswelt, 98. (Leipzig: Teubner. 1912. Pp. 180. 1.25 m.)

Furnishes information regarding the physical aspects of the various colonies and protectorates of Germany. The physiographic and ethnographic description of each colony is followed by a somewhat unsatisfactory account of its economic activity as well as of the development work done by the Germans. S. L.

HOVEY, C. *The life story of J. Pierpont Morgan.* (New York: Sturgis & Walton. 1912. Pp. 352. \$2.50.)

So far as the internal evidence of the book shows, the author, who is a journalist, has not obtained any special information from Mr. Morgan himself which would entitle him to act as biographer, nor does he possess any qualifications for the task other than those of an easy style and a fair mind. The book is based upon printed records, newspaper articles, and current gossip. Lacking intimate knowledge of his subject Mr. Hovey has written a general account of the industrial development of the last fifty years, with especial emphasis upon those enterprises with which Mr. Morgan is popularly identified. E. L. B.

ILES, G. *Leading American inventors.* (New York: Holt. 1912. \$1.75.)

ILLGEN, R. *Geschichte und Entwicklung der Stickerei-Industrie des Vogtlandes und der Ostschweiz.* (Annaberg: Graser's Verlag. 1913. Pp. viii, 120. 2.80 m.)

KARMIN, O. *La question du sel pendant la Révolution.* (Paris: Champion. 1912. Pp. 272. 7.50 fr.)

KOWALEWSKY, M. *Die ökonomische Entwicklung Europas bis zum Beginn der kapitalistischen Wirtschaftsform.* (Berlin: R. L. Prager. 1913. Pp. xi, 501. 10.75 m.)

LAMPP, F. *Die Getreidehandelspolitik in der ehemaligen Grafschaft Mark während des 18. Jahrhunderts.* (Münster: Franz Coppenrath. 1912. Pp. vii, 191. 3.50 m.)

MCCLELLAN, W. S. *Smuggling in the American colonies.* (New York: Moffat, Yard. 1912. Pp. xx, 105. \$1.)

MIMS, S. L. *Colbert's West India policy.* (New Haven: Yale University Press. 1912. Pp. xiv, 385. \$2.)

NEWBIGIN, M. I. *Man and his conquest of nature.* (London: Black. 1912. Pp. viii, 183. 2s.)

PEABODY, R. E. *Merchant venturers of old Salem; a history of the commercial voyages of a New England family to the Indies and elsewhere in the eighteenth century.* (Boston: Houghton Mifflin. 1912. Illus. \$2.)

ROGERS, T. *Work and wages.* (London: Unwin. 1912. 1s.)

A new edition mainly devoted to modern facts selected from Professor Roger's larger work.

SALVIOLI, J. *Der Kapitalismus im Altertum.* Translated from the Italian by K. KAUTSKY. (Stuttgart: J. H. W. Dietz. 1912. 2.50 m.)

SCHACHNER, R. *Australien und Neuseeland: Land, Leute, und Wirtschaft.* Aus Natur und Geisteswelt, 366. (Leipzig: B. G. Teubner. Pp. 120. 1.25 m.)

During his stay in Australasia the author made a thorough study of this country's social and commercial legislation. He presents a condensed though comprehensive and sympathetic account of the different measures passed in Australia and in New Zealand in order to improve labor conditions and to insure social peace. The book lacks proportion; thus while the author gives lengthy statistics of wages before and after the establishment of wage boards, he barely touches upon the country's transportation facilities.

S. L.

SCHOFF, W. H. *The Periplus of the Erythraean Sea: travel and trade in the Indian Ocean by a merchant of the first century.* Translated and annotated. (New York: Longmans. 1912. Pp. 123.)

SHEPHERD, W. R. *Historical atlas.* (New York: Holt. 1911. Pp. 182.)

Contains maps on medieval commerce in Europe, in Asia, plan of medieval manor, industrial England since 1750, and trade routes.

TALBOT, F. A. *The new garden of Canada*. (New York: Cassell. 1912. Illus. \$2.50.)

TAWNEY, R. H. *The agrarian problem in the sixteenth century*. (New York: Longmans. 1912. Pp. ix, 464. \$3.)

TOULMIN, H. A. *Social historians*. (Boston: Badger. 1912. \$1.50.)

VINOGRADOFF, P. G., editor. *Oxford studies in social and legal history*. Vol. III. *The estates of the Archbishop and Chapter of Saint-André of Bordeaux under English rule*, by E. C. LODGE; *One hundred years of poor law administration in a Warwickshire village*, by A. W. ASHLEY. (New York: Oxford University Press. 1912. \$4.15.)

WALLACE, D. M. *Russia*. Revised edition. (London: King. 1912. Pp. 784. 12s. 6d.)

There are new maps showing the zones of vegetation and mineral deposits and the density of population.

WARNER, G. T. *Tillage, trade, and invention. An outline of industrial history*. Eleventh edition. (London: Blackie. Pp. 206. 2s.)

First published in 1899; has met with wide approval. Author has made a complete revision, but no new landmark representing recent development has been added.

WHIDDEN, G. C. and SCHOFF, W. H. *Pennsylvania and its manifold activities*. (Philadelphia: Local Organizing Committee of the Twelfth International Congress of Navigation. 1912. Pp. 287.)

Almost half of the volume is devoted to the subject of transportation; the extractive and manufacturing industries are briefly described; the growth of cities and the subject of education are considered; but agriculture, commerce, and banking are omitted. So far as it goes the work is well done, both the historical development and the present situation being adequately presented. There are many excellent illustrations.

E. L. B.

WINGERTER, C. A., editor. *History of greater Wheeling and vicinity, a chronicle of progress and a narrative account of the industries, institutions and people of the city and tributary territory*. (New York: Lewis Pub. Co. 1912. Two volumes, illus. \$20.)

The Argentine Republic in 1911. (New York: Argentine Consul-General. 1912. Pp. 16, illus. Gratis.)

Economic development of France in 1910 and 1911. Report by H. M. Consul-General at Paris. (London: Wyman. 1912. 8s.)

Documents inédits sur l'histoire économique de la Révolution française. (Paris: Leroux. 7.50 fr.)

Agriculture, Mining, Forestry, and Fisheries

NEW BOOKS

- GRANDEAU, L. *L'agriculture et les institutions agricoles du monde au commencement du XX^e siècle*. Five volumes. (Paris: Rivière. 1912. 20 fr.)
- HOLMES, G. K. *Supply of farm labor*. Bulletin 94, Bureau of Statistics. (Washington: Department of Agriculture. 1912. Pp. 81. 10c.)
- HOLMES, G. K. *Wages of farm labor. Nineteenth investigation, in 1909, continuing a series begun in 1866*. Bulletin 99, Bureau of Statistics. (Washington: 1912. Pp. 72. 10c.)
- HOOD, C. *Iron and steel; their production and manufacture*. (New York: Pitman. 1912. Pp. 150, illus. 75c.)
- HOSKIN, A. J. *The business of mining*. (Philadelphia: Lippincott. 1912. Pp. 224, illus. \$1.50.)
- KINKAID, D. B. *Kinkaid on irrigation law of Colorado; the law of irrigation as enunciated by the Colorado appellate courts and the statutes on water rights and irrigation*. (Denver: W. H. Court-right Pub. Co. 1912. Pp. 436.)
- LUBBERT, H. *Die grossbritannische Hochseefischerei*. (Berlin: E. S. Mittler. 1912. Pp. 39, illus. 0.50 m.)
- MILLANT, R. *La culture du pavot et le commerce de l'opium en Turquie*. (Paris: Challamel. 1912. 2 fr.)
- MUSSIG, F. *Preisentwicklung in der Montan-Industrie seit 1870 mit Berücksichtigung besonderer Einflüsse, gegeben durch die technischen Fortschritte, sowie durch die Politik der Einzelwirtschaft und des Staates*. (Augsburg: T. Lampart. 1912. Pp. vii, 116. 2.50 m.)
- PASSY, L. *Histoire de la société nationale d'agriculture de France*. Vol. I. 1761-1793. (Paris: Alcan. Pp. viii, 473. 7.50 m.)
- PRATT, F. A. *Agricultural organisation; its rise, principles and practice abroad and at home*. (London: King. 1912. Pp. 272. 3s. 6d.)
- ROBERTSON SCOTT, J. W. *A free farmer in a free state*. (London: Heinemann. 1912. Pp. xx, 335, xxii, illus. 6s.)
A study of the rural life and industry of Holland by the author commonly known as "Home Counties."
- SOMERMEIER, E. E. *Coal: its composition, analysis, utilization, and valuation*. (New York: McGraw-Hill. 1912. Pp. xi, 175. \$2.)
- WOLFF, H. W. *Coöperation in agriculture*. (London: King. 1912. Pp. 378. 6s.)
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- Enquête sur les salaires agricoles*. Publication du Ministère de l'Agriculture. (Paris: Berger-Levrault. 1912. Pp. 495. 2.50 fr.)

Manufacturing Industries

NEW BOOKS

- COPELAND, M. T. *The cotton manufacturing industry of the United States*. Harvard economic studies. (Cambridge: Harvard University Press. 1912. \$2.)
- CRITCHELL, J. T. and RAYMOND, J. *History of the frozen meat trade*. (London: 1912. Pp. xviii, 442. 10s. 6d.)
- DEHIO, K. *Die Bischweiler Tuchindustrie*. (Strassburg: K. J. Trübner. 1912. 2.50 m.)
- GELLERT. *Eisen und Alteisen in ihren technischen und wirtschaftlichen Beziehungen*. (Munich: Duncker & Humblot. 1912. Pp. vi, 78. 2.50 m.)
- GROSSMANN, H. *Die chemische Industrie in den Vereinigten Staaten und die deutschen Handelsbeziehungen*. (Leipzig: Veit & Co. 1912. Pp. v, 85. 3.50 m.)
- MATSCHOSS, C. *Die Maschinenfabrik R. Wolf, Magdeburg-Buckau, 1862-1912*. (Berlin: Springer. 1912. Pp. 162, illus. 8 m.)
- SNELLMANN, G. R. *Recherches sur l'industrie du papier en Finlande*. (Helsingfors: Imprimerie du Sénat Impérial de Finlande. 1912.)
- WINDORF, H. *Die thüringische Porzellanindustrie in Vergangenheit und Gegenwart*. (Leipzig: W. Schunke. 3 m.)
- ZIEGLER. *Die Zuckerproduktion der Welt und ihre Statistik*. (Magdeburg: A. Rathke. 1912. Pp. viii, 90. 2.50 m.)
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- Statistics of the American and foreign iron trades.*
Part I of the annual statistical report for 1911. (Philadelphia: Am. Iron and Steel Assoc. 1912. Pp. 104.)
- Centenary lectures. Delivered at the celebration of the first commercial gas company to sell gas as an illuminant, held at the Franklin Institute, Philadelphia, Apr. 18-19, 1912.* (New York: Am. Gas Institute. 1912. Pp. 174, illus.)

Transportation and Communication

- The Lakes-to-the-Gulf Deep Waterway. A Study of the Proposed Channel, Terminals, Water Craft, Freight Movement, and Rail and Boat Rates.* By WILLIAM ARTHUR SHELTON. (Chicago: A. C. McClurg. 1912. Pp. x, 133. \$1.00.)

In this reprint of articles which have appeared recently in the "Journal of Political Economy," Mr. Shelton confines his investigations to the field indicated by the subtitle of the monograph, purposely ignoring the kindred subjects of land reclamation, flood control, and water-power development. The study is based upon current governmental reports, supplemented by in-

formation obtained from river and railroad tariffs and from interviews and correspondence with interested industrial officials. The writer makes no attempt at a comparative historical survey of water and rail rates, although he could have strengthened his arguments by this method. The general tone of the monograph is highly unfavorable to governmental expenditure in deepening the Lakes-to-the-Gulf waterway as a means of reducing freight rates. In the chapter on the Interchangeability of River, Lake, and Ocean Vessels, the impracticability of such a scheme is made clear. "The river freight in the main is that which originates in, or is destined to, points within the levee or other non-rail points." The already navigable stretches of the lower Mississippi are "of doubtful economic value."

While Mr. Shelton has done little more than restate the conclusions of other opponents of the proposed deep waterway, his monograph is an addition to the literature on the subject because it deals only with specific traffic difficulties and with these in a concise, concrete manner.

H. E. HOAGLAND.

New York Department of Labor.

The History of the British Post Office. By J. C. HEMMEON.
(Cambridge: Harvard University. 1912. Pp. xi, 261.
\$2.00.)

This volume, the seventh in the series of *Harvard Economic Studies*, will not be accounted more entertaining than earlier books on the same subject, but it certainly excels them otherwise. Former writers on the British post office generally made abundant use of their opportunity to dwell upon the picturesque aspects of the subject. The present book does not err in this direction. The tendencies which I venture to criticise are all of the opposite sort. Opportunities for vivid description are neglected; letters, petitions, reports, and other documents are cited, but rarely and only briefly quoted; the published reminiscences of postal officials are avoided; affairs which appeal most to popular imagination, such as the efforts of Rowland Hill, do not receive as much attention as their importance warrants. Will not every reader be disappointed when he is informed that "the history of the adoption of penny postage has been so well told by Hill himself that only a bare story of its acceptance by Parliament is necessary here" (p. 59)? The significance of the post office in the broader prob-

lems of monopoly, of government, of democracy, and of the diffusion of intelligence is but faintly suggested. The last-named limitation of the work is emphasized, rather than corrected, by the fact that certain of these larger problems are suggestively touched upon in the preface.

For the author's treatment of his subject under the limitations which he seems consciously to have imposed upon himself, I have only commendation to offer. The general arrangement seems to me the proper one, though some readers will doubtless differ. As the author acknowledges (p. vi), "in the treatment of a subject so complex . . . it is not easy to decide how far its presentation should be strictly chronological or how far it should be mounted in 'longitudinal sections' exposing its salient features." The first third of the book consists of four chapters on the general history of the post office; the remainder embraces seven chapters on the principal technical problems of the service. Those who are interested in history simply as history, will be disappointed in the distribution of the material, but few such are likely to read a serious post office history. On the other hand, those who seek to study the economic problems of the post office in the light of history can hardly fail to find Mr. Hemmeon's arrangement most satisfactory. There is just enough preliminary history to give the remaining chapters the proper setting.

Aside from an excess of zeal in avoiding the spectacular, the emphasis of the book is well distributed; the relative importance of the various problems seems to be well considered; trivial matters, though not neglected, are at least subordinated; weighty matters are given due attention. In so long and intricate a history it is no slight merit to preserve a true sense of perspective. With consistency the author depends exclusively upon official information—state papers, reports, and journals. He did not have access to the originals, but he used the calendars and other printed sources faithfully and successfully. He has written in entire independence of other authors. Joyce is the only post office historian whom he consults, and he cites him sparingly, realizing that "writing as a post office official at the end of the nineteenth century Joyce hardly appreciated the conditions which his predecessors had to meet" (p. 256). The author is also to be commended for the historic tolerance consistently displayed in dealing with the policies of former days.

Finally, the study deserves to be described as comprehensive.

It may be that more attention should have been given to the railways as mail carriers, but otherwise the inland and foreign transmission of mails has been thoroughly reviewed. The longest chapter, and one of the most interesting, deals with postage rates and the finances of the office, and includes a discussion of the franking privilege. Savings bank and assurance facilities, while of great importance as social experiments, are treated in a manner which is probably adequate in view of their importance to the post office. Other subordinate functions, such as the book post, the newspaper post, the parcels post, money orders, registry of letters, and special delivery, are also sufficiently described. Separate chapters are devoted to the telegraph and the telephone, and half a chapter deals with the relations between the government and its postal employees.

WILLIAM H. PRICE.

Yale University.

Combination among Railway Companies. By W. A. ROBERTSON.
(London: Constable and Company. 1912. Pp. 105. 1s. 6d.)

Seven different kinds of combination among the railway companies in England are described, *viz.*, amalgamation, joint-line, working-union, lease, working-agreement, running powers, pooling-agreement. The advantages and disadvantages of combination to the participating companies, outside companies, and to the public interests are considered. Outside of the blue-books, there has been surprisingly little discussion of this phase of English railway policy, and it is to be hoped that Mr. Robertson's lectures, which were delivered originally at the London School of Economics, will prove to be the precursor of a more detailed study. The present volume is marked by a certain roughness of style and by occasional obscurity of phrase, but, for all that, it makes agreeable reading. Intensive analysis is somewhat lacking, but probably a rather general treatment was called for by the conditions under which the lectures were delivered.

Mr. Robertson favors amalgamation, and argues that competition naturally tends to decline between railways which have attained a high degree of efficiency, associated with small profits. Such a condition, of course, tends to lead to combination, but, until combination is achieved, competition is hardly likely to become inert. When combination takes place, regional competition,

or competition of districts, as he terms it, may be relied upon to bring about progress. But Mr. Robertson fails to point out that the intensity of the stimulus will vary materially with the degree of economic parallelism between the districts of separate railway control.

ERNEST RITSON DEWSNUP.

The University of Illinois.

A History of Inland Transport and Communication in England.

By EDWIN A. PRATT. (New York: E. P. Dutton and Company. 1912. Pp. x, 532. \$2.00.)

Mr. Pratt's book is the introductory volume of an English series on "National Industries," under the general editorship of Mr. Henry Higgs. American students of the industrial economy will look forward with pleasurable anticipation to the various volumes that are to appear under Mr. Higgs' expert guidance, especially as the announcements thus far made promise contributions from the younger English economists, whose names are as yet not so familiar here as among our colleagues in England.

In his excursion into history, a somewhat novel field for Mr. Pratt, he has aimed to present to his readers a connected account of the development of internal communication in England from the primitive facilities of the early tin-trading Briton to the motor-omnibuses, railless trams and aeroplanes of the *fin-de-siècle* traveler. A noteworthy proportion of the volume, nearly a fourth, is devoted to roads; between two fifths and a half to railways; and the remainder to rivers, canals, motor conveyance, etc. A list of authorities, extending over more than seven pages, is appended. The latter part of the title of the book would lead one to infer that communication by post, telegraph, and telephone was included, but this is not so.

Mr. Pratt is an old hand at writing for the public, and the present volume lacks neither in lucidity nor in interest. Quotations might, with advantage, have been used more sparingly, but, at any rate, they are apropos; altogether the book is well designed to familiarize the general reader, in agreeable fashion, with the progress of transportation facilities in England. Footnotes are practically dispensed with, and even references are inserted parenthetically in the body of the text—the latter surely a questionable device. The bibliography of authorities consulted is an interesting one, though one wonders why the parliamentary papers

that the author used in the preparation of his history are not recorded more completely; or why certain omissions occur—for example, Dr. Lardner's classic treatise of 1849-50, which, by the way, is not even mentioned in the text; or why some entries are made under "T" because their titles commence with the definite article. Where the sources are so miscellaneous, a classified and annotated list is a moral obligation; carelessly prepared lists are literary *lèse-majesté*.

Mr. Pratt deals with a branch of economic history, of which our knowledge is curiously uneven. Much hard digging must be the lot of anyone who aims at a thoroughly satisfactory treatment. This research Mr. Pratt has not done to any extensive degree, probably conceiving that, for the purpose he had in view, it was unnecessary. But, as a consequence, the book suffers from the point of view of the student; and even to the general reader, its value is impaired. There is a distinct lack of proportion. The part played by canal navigation is inadequately brought out; the material progress of railway communication during the half century following 1840-1850 is scarcely noted; except in the earlier chapters, the author fails to bring into sufficient relief the relation between the development of inland transportation and the economic advance of the country; the results of the commission regulation of the acts of 1873 and 1888 receive little consideration, and so on. On the other hand, Mr. Pratt gives disproportionate attention to the highways, though, on the whole, this is the most successful part of the book. For a history limited to five hundred pages, his description of the present status of the railway industry is full to the point of distention. In numerous places, the narrative could have been compressed with advantage, and the space thus made available used for expansion elsewhere.

But though in this work Mr. Pratt has not done full justice to his own great abilities, the fact must not be overlooked that he has brought together within the compass of his volume much scattered material, and thereby has made intelligible to all, for the first time, the fascinating story of the development of England's transportation system. And this is no small achievement.

ERNEST RITSON DEWSNUP.

University of Illinois.

NEW BOOKS

BIERMER, M. *Die hessische Eisenbahnfrage nach dem Landtagsschlusse.* (Giessen: E. Roth. 1912. 1.50 m.)

BOAG, G. L. *Manual of railway statistics*. (London: Railway Gazette. 1912. Pp. 185. 4s.)

CLEVELAND and POWELL. *Railroad finance*. (New York: Appleton. 1912. Pp. xv, 462. \$2.50.)
To be reviewed.

FERRONI, F. *Un'amministrazione ferroviaria di Stato: le ferrovie Prussiane, 1879-1911*. (Bologna: N. Zanichelli. 1912. Pp. 200.)

GRAVES, A. G. *Before the Interstate Commerce Commission, memorial asking for one national interchangeable railroad mileage ticket*. (Chicago: Peterson Linotype Co. 1912. Pp. 32. \$1.)

HUBEL, P. *Deutsches Post- und Telegraphenwesen unter besonderer Berücksichtigung der gesamten Literatur*. (Munich: Andelfinger. 1912. Pp. xi, 98.)

HUMMEL, H. *Baden und die Eisenbahngemeinschaft*. (Karlsruhe i. Bad.: G. Braun. 1912. 0.50 m.)

JACKMAN, W. J. and others. *Express service and water transportation*. (Minneapolis: University Extension Society. 1912. Pp. 432.)

JACKMAN, W. J. and others. *Freight rates and classifications*. (Minneapolis: University Extension Society. 1912. Pp. 420.)

MELNIK, J. *Die Hamburg-Amerika-Linie. Ein geschichtliches Überblick von 1847 bis auf die Gegenwart*. (Darmstadt: E. Roether. 1912. Pp. 78. 0.80 m.)

MINOR, G. H. *The Erie system; a statement of various facts relating to the organization and corporate history of the various companies controlled*. (New York: Wilbert Garrison Co. 1912. Pp. xii, 576.)

MOSSOP, C. P. *Railway operating statistics*. (London: Railway Gazette. 1912. 65c.)

PHELPS, E. M., compiler. *Selected articles on government ownership of railroads*. Debaters' handbook series. (Minneapolis: H. W. Wilson Co. 1912. Pp. xxxi, 179. \$1.)

A brief of 9 pages is followed by a bibliography of 11 pages, supplemented by about 175 pages of extracts from various periodical articles. On the whole, good judgment has been shown in the selection of the articles.

PICARD, E. *Die Finanzierung nordamerikanischer Eisenbahngesellschaften*. (Jena: G. Fischer. 1912. 6 m.)

SZILLEY, B. *Oesterreichs volkswirtschaftliche Interessen an der Seeschifffahrt*. (Vienna: L. W. Seidel. 1912. Pp. v, 103. 2.50 m.)

TEUBERT, W. *Getreidefrachten und Getreideverkehr auf deutschen Eisenbahnen und Wasserstrassen*. (Berlin: C. Heymann. 1912. Pp. viii, 103. 5 m.)

WILHOIT, R. and McLELLEN, H. C. *The commerce laws of Kentucky*. (Louisville. Interstate Pub. Co. 1912. Pp. 223. \$3.75.)

————— *Power of Congress over interstate commerce*. (Washington: Judiciary Committee. 1912. Pp. 318.)

Trade, Commerce, and Commercial Crises

NEW BOOKS

BOERNER, A. *Kölner Tabakhandel und Tabakgewerbe, 1682-1910*. (Essen: G. D. Baedeker. 1912. Pp. xiii, 249. 6 m.)

COLSON, C. *Statistique des transports et du commerce international en France et à l'étranger*. (Paris: Gauthier-Villars. 1912. Pp. 48. 1 fr.)

FINDEISEN, C. F. *Grundriss der Handelswissenschaft*. Tenth edition. (Leipzig: F. Hirt & Son. 1912. Pp. 416. 4.50 m.)

JACKMAN, W. J. and others. *Legal features of commerce regulation*. (Minneapolis: University Extension Society. 1912. Pp. 394.)

JACKSON, F. H. and others. *Lectures on British commerce*. (London: Pitman. 1912.)

LANDAUER, E. *Handel und Produktion in der Baumwollindustrie unter besonderer Berücksichtigung der lohnindustriellen Organisationsform*. Archiv für Sozialwissenschaft und Sozialpolitik, Supplementary No. 7. (Tübingen: J. C. B. Mohr. 1912. Pp. xi, 183. 4.60 m.)

LESCURE, J. *Les marchés financiers de Berlin et de Paris et la crise franco-allemande de juillet-octobre, 1911*. (Paris: Larose et Tenin. 1912. 2 fr.)

SCHMIDT, F. *Liquidation und Prolongation im Effektenhandel*. (Leipzig: C. E. Poeschel. 1912. Pp. vii, 283. 11.50 m.)

SCHWARZWALDER, W. *Die Entwicklung des Nürnberg-Fürther Exportes nach den Vereinigten Staaten von Nordamerika von seinen Anfängen an bis zur Gegenwart*. (Nürnberg: B. Hilz. 1912. Pp. vi, 143. 2 m.)

WEBER, R. *System der deutschen Handelsverträge*. Wirtschafts und Verwaltungsstudien, mit besonderer Berücksichtigung Bayerns, 43. (Leipzig: A. Deichert. 1912. Pp. xii, 464. 12 m.)

Accounting, Business Methods, Investments, and the Exchanges

The Work of Wall Street. An Account of the Functions, Methods and History of the New York Money and Stock Markets. By SERENO S. PRATT. (New York: D. Appleton and Company. 1912. Pp. xii, 440. \$1.75.)

This is a revision and enlargement of the author's book of the same title published ten years ago. The changes that have taken place in the money and stock markets during this interval have been mainly those due to the commercial growth of the nation. The scope of Wall Street is divided by the author into four principal parts: (1) foreign exchange; (2) domestic credits or that part of the internal trade of the country which is settled by drafts on New York; (3) promotion, by which capital is directed into new enterprises; (4) stock exchange loans for both investment and speculation.

These branches of the money market are detailed fully and minutely in chapters 3 to 20, with admirable clearness, and without error perceptible to the reviewer. Most of the processes described are so familiar to the habitual readers of the *REVIEW* that a recapitulation of them would be superfluous. The Stock Exchange Clearing House, however, is a puzzle to many well-instructed persons. To this a chapter of eleven pages is given. The essential feature of this machine is the same as that of the Bankers Clearing House; that is, each broker settles all his trades with the clearing house instead of settling with the individual brokers. The transactions are reported to the clearing department by means of tickets, showing the securities and the prices. At the conclusion of the day's business the total is shown on a clearing sheet together with the net amount of securities and cash due from, or to, each broker. The borrowing of shares is included among the purchases, and the lending among sales. Of course many trades cancel each other in whole or in part, and the balance only is settled by delivery or cash payment. On the 9th of May 1901 (a panic day), the total sales of shares were 3,336,695 and the value of the share balances was \$129,800,000 but the cash balances required to settle this great total were only \$5,461,700, and the time required to make this settlement was no greater than it would have been if the sales had been only 100,000 shares. The saving of time, labor and negotiation of loans is enormous. The business could not be carried on in its present volume without the clearing system.

Chapter 24 on Panics might be made clearer by a definition of clearing house loan certificates. We are told on page 349 that when panic follows a commercial crisis, "banks contract their loans, forced liquidation sets in, weak houses are driven to the wall, failures are announced, general bankruptcy is threatened,

the clearing house is obliged to issue loan certificates for the protection of solvent firms temporarily embarrassed," etc. Again, on page 359 it is stated that, by the issue of loan certificates "the banks are able without fear to extend credit to their solvent customers and thus thousands of deserving firms are saved from failure." The only previous definition of loan certificates is on page 262 where they are said to be issued in times of dire emergency and are "in the nature of temporary loans made by the banks associated together as a Clearing House association to the members thereof for the purpose of settling Clearing House balances." This definition might convey to the mind of an uninstructed person the idea that the certificates were a kind of fiat money issued on the credit and responsibility of all the banks joined together, in which case there is no reason why there should be any limit to the amount of them. In fact each certificate of \$5000 recites that the bank to which it is issued has deposited securities with the loan committee of the clearing house amounting to 25 per cent more than the face value of the certificate and that it will be received in settlement of debit balances at the clearing house. The manager of the clearing house will accordingly turn over the certificate, when it comes into his hands, to some bank which has a credit balance equal to, or in excess of, \$5000. In other words the strong banks loan their surplus cash to the weak ones on the security of the bills receivable held by the loan committee, and receive compensation in the way of interest which the certificates bear. The clearing house is not responsible for the redemption of the certificate but only for the safekeeping and the redelivery of the securities. The limit to the issue of loan certificates is measured by the ability of the creditor banks to absorb them. Before this limit is reached it may happen that the banks begin to curtail the payment of cash to their customers over the counter. This is really bank suspension but the legal penalties of such default are seldom or never enforced.

HORACE WHITE.

The Principles of Bond Investment. By LAWRENCE CHAMBERLAIN. (New York: Henry Holt and Company. 1911. Pp. xiii, 551.)

The Work of the Bond House. By LAWRENCE CHAMBERLAIN. (New York: Moody's Magazine Book Department. 1912. Pp. 157. \$1.35.)

Not only will the investor be instructed by these volumes, but many economists will find them useful and suggestive. The larger work covers the entire field of bond investment with the exception of industrial bonds. Bonds supported by taxing power, especially those of states and municipalities, are given detailed consideration. The treatment of this subject is clear and thoroughgoing. The exposition of the mathematics of bonds is quite adequate for every practical purpose. On the bonds of corporations the treatise is less satisfactory. An excessive amount of space is given to an elaborate classification of bonds, a matter which might well have been relegated to a glossary. Elsewhere also descriptive matter in abundance is furnished on topics which require careful analysis together with ample specific illustrations. On railroad bonds, for example, a summary account is given of the various kinds of data to be found in railroad reports. But in the absence of detailed analysis of the reports of particular roads over a series of years it may be doubted whether the exposition will start investors very far on the way toward intelligent discrimination in the purchase of railroad bonds.

The effect of rising commodity prices on the market quotations of bonds with distant maturities is a matter to which investors seem now to be giving somewhat belated attention. Mr. Chamberlain, by a process of reasoning far from convincing, reaches the conclusion that this depressing influence is not likely to continue very much longer. One may venture the opinion that the bond houses in the interest of investors would be well advised to insist that issues of bonds should mature within a relatively short period—say from ten to fifteen years.

Aside from this question the smaller volume contains all, and upon some points more of discussion of problems of general interest relating to dealings in bonds; and will, therefore, serve every purpose for most economists. While the enormous expense of marketing bonds under the present system of distribution is recognized by the author, he seems hopeless of any appreciable improvement in the future. It is argued that under any other arrangement, such as sales through local bankers as agents, the bond houses would cease to protect the issues which they have marketed. The reasoning here is not entirely convincing since it would be necessary for the bond houses to cultivate and keep the good will of the local bankers through whom their securities were marketed.

To economists these volumes are of particular value because of the light they throw upon one of the most important single influences determining the capitalization of corporations. Investment bankers are primarily interested in providing and marketing securities which in safety of principle and steadiness of yield shall meet the expectations which induce their purchase by investors. The requirements which are requisite to secure this result may be divided into two classes to which the terms static and dynamic may be applied. Under the static method a particular security is surrounded with safeguards designed to give a lien upon definite property, the value of which it is reasonable to expect will always be greater than the securities themselves. Restrictions on issue of additional securities having a similar lien and provisions for a sinking fund, especially if assets are of a wasting character, are also essential features of this form of protection. When capital has been raised in this way the corporation can only appeal to the speculative investor for such additional capital as may be required. Safeguards on one class of securities are made so drastic as to render all others more or less speculative. In these circumstances it is difficult to see how it will be possible to secure capital even by public service corporations without some injection of water into the junior securities placed upon the market. In the course of time we may come to finance such companies by means of stock issues alone; but at present the financial machinery is in large measure lacking. Conservative investors are reached through bond houses; those with distinct speculative propensities are offered the kind of speculative securities they desire. During recent years there has been some development of machinery for the marketing of conservatively issued stocks of companies all of whose capitalization represents tangible property or fairly well assured earning power. Such developments as these do not fall within the scope of the volume before us. It is a development, however, which may properly be mentioned here since Mr. Chamberlain seems not unwilling to leave the impression in the mind of the reader that only bonds can by any possibility be regarded as a conservative investment.

O. M. W. SPRAGUE.

Harvard University.

Capitalization. A Book on Corporation Finance. By W. H. LYON. (Boston: Houghton Mifflin Company. 1912. Pp. xi, 296. \$2.00.)

This is a serious work, written by an intelligent and well-informed author with considerable skill at analysis. It discusses the instruments of capitalization, *i.e.*, the various kinds of securities issued, "trading on the equity," a phrase said to be of good English usage but not familiar on this side of the Atlantic, "watered stock," "financing an expansion," "amortization," the form of securities, various factors affecting marketability, and "capitalization and the state."

Professor Lyon has set himself the difficult task of writing both for the experienced and the inexperienced. Consequently parts of the book are too elementary for the readers who may get profit from other parts, while for beginners there is danger that much of the book will be as hard to comprehend and to remember as the printed notes of a game which one has never played. On the whole, the book would give more satisfaction if the author had left the beginners to pick up what they could on the street, and, instead of covering so wide and heterogeneous a field, had examined exhaustively a few peculiarly interesting divisions of his subject. The book improves as it advances toward specific problems. But the last chapter, Capitalization and the State, after giving a brief and dispassionate summary of the problems involved—problems which are now stirring this nation from one end to the other—leads the way to no conclusion, except the conclusion that a conclusion cannot be reached.

The most entertaining portion of the book is that which shows the ingenuity used in devising such phrases as "first and refunding" mortgages, "consolidated" mortgages, etc. Excellent illustrations are given of the imposing descriptions of bond issues by the Erie Railway, tending to conceal the fact that they represent only sixth, seventh, and eighth liens. The chapter on amortization is also very interesting and the author's special knowledge of the customs of banking houses which offer the public comparatively small issues of public utility bonds gives picturesqueness to his treatment of this portion of his subject.

There are needless inaccuracies. For example, on page 32 the author states that American Telephone convertible bonds "are convertible into common stock at 140 before March 1, 1918"; on page 49, speaking again of these bonds, he states, "They are

convertible, up to March 1, 1918, at par into stock at 133.7374." Not only are these statements inconsistent with each other but neither is correct. On page 128 he says, "The Northern Pacific Railway and the Great Northern Railway are both obligors on the \$107,613,500 of bonds known as the Chicago, Burlington and Quincy joint 4s." The truth is that the size of this issue is not \$107,613,500 but \$215,227,000.

JOHN F. MOORS.

Stocks and Bonds. The Elements of Successful Investing. By ROGER W. BABSON. (Wellesley Hills, Mass.: The Babson Statistical Organization. 1912. Pp. 402.)

Mr. Babson has wisely assumed that he is writing for only one class of readers, the inexperienced. He has also sought to be entertaining and has introduced many anecdotes. He writes with conviction. Ideas, mostly sound, are not lacking in the author or association of authors responsible for the book. Persons with money to invest and no other sources of advice or information may read it with profit to themselves.

The first chapter does not do the author justice. In this chapter the youthful reader is advised to become a young prig who shall make a point of going to his bank frequently, taking pains to get acquainted with all the officials, for the purpose of acquiring credit. The chances are that the young man's persistent desire to be "on the make" will affect his banking friends unfavorably. "The depositor who calls at the bank only once a year has not such good 'credit' as the one who calls each month," says the book. The truth is that depositors who never call have the best credit and are best liked.

The most interesting parts of the book are those which urge the reader to avoid disreputable securities, and which analyze various kinds of public service corporations. The advertisements once prevalent on the financial pages of the Sunday papers are properly disapproved. The constant tendency toward increased earnings of gas, electric, street railway and telephone companies and their stability in panics are plainly set forth. While the author recognizes that the labor factor is more serious for street railways than for gas or electric light and power companies, he seems hardly to realize the other advantages of the latter. As he uses Boston largely for his examples, the much greater prosperity of the Edison Electric Illuminating Company

and of the Massachusetts Gas Company, than of the Boston Elevated Railway Company might well be analyzed by him.

The book is marred by the intrusion on blue paper, between the pages, of advertisements of other works by the same author.

J. F. MOORS.

The New Industrial Day. By WILLIAM G. REDFIELD. (New York: The Century Company. 1912. Pp. ix, 213. \$1.25.)

The author's fundamental idea is that of a close relation between the "conservation of human resources" and what is called "scientific management." He discourses on this text both copiously and effectively, and there is abundant illustration of sound and humane business practices supplied out of a long and successful career in business. Although a firm believer in scientific management, Mr. Redfield objects to the idea that the system can be made automatic in its operation. The most important plank in the new industrial platform must consist in close coöperation and sympathy between the management and the workmen. The experiment will fail unless a management, in introducing the new system into its shops, does so quite as much in the interest of the welfare of the employee as in that of the reduction of unit costs.

HERBERT CROLY.

NEW BOOKS

ALLEN, S. E. *The diagrammatic presentment of the accounts of local authorities.* (London: Gee & Co. 1912. Pp. 60, 19 diagrams. 8s.)

BLACKFORD, K. M. *Employers' manual: instructions to employment supervisors and other executives in the use of the Blackford employment plan.* (New York: The Emerson Co. 1912. Pp. 47.)

BURNIER, A. *A B C des opérations à la bourse de New-York et des placements en valeurs mobilières aux Etats-Unis.* (Paris: Fontemoing et Cie. 1912. 3.50 fr.)

CAMPBELL, T. F. *Campbell's actual accounting.* (Indianapolis: Bobbs-Merrill. 1912. Pp. 267. \$2.)

COLLIER, W. M. *Law and practice in bankruptcy under the national bankruptcy act of 1898.* Fourth edition by W. H. Hotchkiss. Ninth edition with amendments of 1903, 1906 and 1910, and with decisions to July 1, 1912, by F. B. Gilbert. (Albany: M. Bender. 1912. \$9.)

COMBAT, F. L. *Manuel des opérations de bourse.* (Paris: Berger-Levrault. 1912. Pp. xi, 383. 6 fr.)

DOWLER, F. and HARRIS, E. M. *Auditing, accounting, and banking. A manual for accountants.* (London: Pitman. 1912. Pp. 328. 5s.)

FURST, M. *Die Börse, ihre Entstehung und Entwicklung, ihre Einrichtung und ihre Geschäfte.* (Liepzig: Verlag der modernen kaufmännischen Bibliothek. 1913. 5.50 m.)

HAMILTON, W. R. *The principles of modern bookkeeping.* (London: Gee & Co. 1912. Pp. 144. 4s.)

HARTNESS, J. *The human factor in works management.* (New York: McGraw-Hill Book Co. 1912. Pp. vi, 159. \$1.50.)

A small book full of broad and stimulating ideas. The author is the general manager of the Jones and Lamson Machine Co. of Springfield, Vermont. The principal theme is the inertia of habit, and the effect of this upon administrative policies. Part I is general in character, while Part II deals with the ideas previously presented, as applied to the work of the machine designer and builder. The book does not aim to present a carefully elaborated plan; but rather to supplement such plans as have been presented by others, by educating the reader to a new point of view, and by creating in him a new sensitiveness for the intellectual and moral elements in the human nature with which the executive must deal.

E. D. J.

HINE, C. D. L. *Modern organization: an exposition of the unit system.* (New York: Engineering Mag. Co. 1912. Pp. 110. \$2.)

LEONHAUSER, U. L. *Handbook of municipal accounting.* (New York: Appleton. 1912. \$1.)

MACKENZIE, M. A. *Interest and bond values.* (Toronto: University Press. 1912. Pp. 94. \$2.)

MONTGOMERY, R. H. *Auditing: theory and practice.* (New York: Ronald Press Co. 1912. Pp. xxix, 673.)
To be reviewed.

PARKHURST, F. A. *Applied methods of scientific management.* (New York: John Wiley & Sons. 1912. Pp. xiii, 319. \$2.)

Presents in detail the conditions established in the plant of the Ferracute Machine Co., makers of presses and dies, at Bridgetown, N. J., after the principles of scientific management were applied. It is clearly and attractively written. Its chief value to persons who are interested in the principles of scientific management, but who do not clearly perceive their significance, rests in the concrete picture presented.

E. D. J.

SEARS, J. H. *Trust estates as business companies.* (St. Louis: Counselors Pub. Co. 1912. Pp. xxi, 387. \$5.)

SHELDON, A. F. *The science of efficient service; or, the philosophy of profit-making.* (Chicago: The Sheldon School. 1912. \$1.)

SLATER, J. A., editor. *Pitman's commercial encyclopaedia and dictionary of business.* Four volumes. (New York: Pitman. 1912.)

- SMITH, C. W. *Unnatural prices*. (London: King. 1912. 1s.)
- SPEAR, R. H. *Scientific auditing*. (Detroit: Commercial World Pub. Co. 1912. Pp. 68. \$1.)
- STAFFORD, J. *How to make money*. (London: Swift & Co. 1912. 1s.)
- WHEELER, G. W. *Bookkeeping for beginners*. (London: Gee & Co. 1912. Pp. 39. 1s. 8d.)
- WILLIAMSON, J. G. *Counting-house and factory organisation*. (London: Pitman. 1912.)
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- Cyclopedia of practical accounting*. (Chicago: American Technical Society. 1912. \$12.80.)
- Poor's handbook of investor's holdings*. 1912 edition. (New York: Poor's Railroad Manual Co. 1912. \$15.)

Capital and Capitalistic Organization

Concentration and Control: A Solution of the Trust Problem in the United States. By CHARLES R. VAN HISE. (New York: The Macmillan Company. 1912. \$2.00.)

In this readable volume of modest dimensions and hopeful spirit, President Van Hise has furnished to the general reader as well as to the student of economics an admirable handbook. His painstaking examination and orderly presentation of the facts concerning nearly thirty separate industries, their capital, output, growth, and tendency to combination, are as useful as they are fair. As to the facts of the case, the book deserves a place beside Professor Wyman's admirable compendium of the law. With these two volumes at hand, those who advocate the regulation rather than the destruction of legitimate industrial combinations, will find ready support for their doctrine.

President Van Hise makes out a strong case for regulation not of monopoly but of powerful industrial combinations, which to him seem inevitable. Monopolies are not to be tolerated.

If a corporation be found to be a monopoly and therefore to be unreasonably in restraint of trade the commission should give the orders as to the modifications of the business which are necessary so that the corporation shall cease to be a monopoly. Such orders might go to the extent of disintegrating the existing organization, if the monopoly be such that the public interests cannot be adequately protected without such action.

He suggests that no corporation should be permitted to control more than a specific percentage, say from 40 to 60 per cent, of any line of business of the country, that rule to apply to the

corporation not only as a whole but to each of the lines of business which may be covered by it. This in substance is the contention of Mr. Bryan which was effectively challenged by Governor Hughes in his Youngstown speech in 1908. It does not seem as philosophically reasonable as the test proposed by Professor Clark, who says:

The key to the situation is the position of the consumers rather than that of the producers. Has every consumer a choice of efficient and independent producers to buy from? If so, there is no monopoly even if one combination should control three-quarters of the output.

But, whatever view be taken, President Van Hise is no friend of monopoly. His policy of governmental regulation is to be applied to combinations free or already purged of monopolistic qualities.

He sets out at much length the wastes of competition and the advantages of combination, to which he might have added at page 16, as subdivision (i), the very important proposition that the combined capital constitutes a safeguard against insolvencies and consequent panics; disasters which were frequent and familiar in the period of many small and warring factories.

Combinations he regards inevitable and in many ways desirable. Prohibitions for more than twenty years in state and union alike have failed to preserve competition in price, or what he considers quite as important, competition in quality or in service. Therefore he would resort to regulation by administrative commission, preferably federal. His declaration to this effect was written in the spring of 1912 at a time when, to quote Professor Clark, "the need of such a body is probably the one thing on which the various plans now before the people are most generally agreed." With the progress of the recent presidential canvass, difference of view was developed and the favor originally shown towards regulation by governmental commission was maintained principally by Colonel Roosevelt. It was discountenanced by Governor Wilson, and by his adviser, Mr. Brandeis. In debate with the last-named gentleman on November 1, upon the subject Regulation of Competition versus Regulation of Monopoly, President Van Hise adhered to the position taken in this volume which may be summarized best in his own words:

Competition should remain free in all respects, in regard to price, quality and service. The inefficiency which frequently goes with monopoly and other evils in the same connection give adequate ground for breaking up all monopolies. The movement for concentration and

coöperation in business is a world-wide tendency in this twentieth century. To attempt to overcome it by restrictive legislation and acts of the court is futile. No one will advocate returning to the condition of very numerous small manufacturers. We must have that degree of concentration which will give the greatest efficiency.

This then is the core of his argument. Efficiency! No monopoly, for that limits efficiency and injures the public. Freedom for combination and coöperation, without monopoly, but under governmental control to observe and to prevent any developing tendency toward unfair practices or public injury. For such work the courts are not equipped and therefore it should be carried on by an administrative commission.

Upon the question of remedial legislation four points are presented as essential to any new legislation: (1) a declaration that by restraining trade to such a degree as to control the market a business by that fact becomes of public interest; (2) a definition of reasonable restraint of trade in such manner as to permit coöperation; (3) a declaration that any restraint of trade is unreasonable that does not permit free competition; and (4) a prohibition of unfair practices, such as are enumerated and indicated on pages 225-226. Seven other points are presented as calling for consideration and possible adoption: (1) requirement of publicity; (2) price regulation; (3) conservation of natural resources; (4) conduct of business in accordance with good social conditions; (5) payment of fair wages; (6) if advisable, *sed dubitante*, the limitation of issues of stocks and bonds; and (7) the delimitation of the powers of the state and the nation. Some points of control suggested by others are stated (pp. 266-268) but without argument, approval, or disapproval.

The entire discussion is instructive and such as may be welcomed by those of any previous disposition. Its tone and temper fully justify the confidence generally reposed in the ability and impartiality of President Van Hise. In view of the presidential discussion, a second edition of the work, somewhat more precise in statement, and dealing more fully with objections would be of value. Before the adoption of the plan for administrative regulation of industrial combinations, it is probable that there will be opportunity for ample and exhaustive discussion.

Some errors though unimportant may be noticed. It is true, as stated on page 21, that "the General Corporation Act of New York was passed in 1848" and that "similar acts were later passed in other states," but these were only later modifications of

earlier acts. The first and model act of general incorporation was that passed in New York, March 22, 1811. It was followed in many other jurisdictions, notably Massachusetts in 1836, Connecticut and Michigan in 1837, Indiana in 1838, and Great Britain in 1862. It is not strictly accurate to say that "under the common law the stock of one corporation could not be held by another." In England, the home of the common law, a company can buy and hold shares in another company if so provided in its articles of association and such is the rule also in several of the American states. Indeed, almost everywhere a corporation can take such stock in payment of a debt, and often the stock of a corporation whose products it needs for its own legitimate purposes. Such was the law of New York from 1853. The extent of this stockholding power and its limitations cannot be stated summarily.

But the mistakes in this volume are so few and the excellencies are so many and so great, that there is little occasion for criticism and abundant opportunity for cordial acceptance of the work of President Van Hise.

FRANCIS LYNDE STETSON.

Big Business and Government. By CHARLES NORMAN FAY.
(New York: Moffat, Yard and Company. 1912. Pp. vi,
201. \$1.00.)

Mr. Fay's work, according to his own statements, is intended to give the public in brief and simple words, specific instances showing "how and why business grows big—how far it controls the market and what have been the actual net results to hated Wall Street and our beloved selves of the so-called 'gigantic monopolies' which have so long and well served as stock in trade for politicians and the reformer of other men's misdeeds." In accordance with this purpose, Mr. Fay's book is devoted to incidents illustrating the tactics of the big corporations and the methods which have been followed by the so-called independents in their struggle to maintain themselves.

From personal experience, the author shows how a small company in Northern Michigan outwitted the Powder Trust; how the Chicago Telephone Company established a monopoly in Chicago and after the combination advanced the rates without incurring public hostility; how the Chicago Gas Trust Company was formed, legally dissolved by the Illinois courts, and almost

immediately revived by special act of the legislature, and, it is intimated, was the source of a jack-pot of \$200,000 for distribution among the politicians. He also shows how the Typewriter Trust was formed, how the new independents grew up beside it and destroyed the monopoly which was formed by the combination. He relates some interesting incidents showing Carnegie's remarkable foresight and ability as a manager. He then selects a group of the leading industrial corporations and divides them into classes according to their success, as shown in dividends on the common stock. From this investigation, he concludes that only those corporations which have been managed with consummate ability, have been able to achieve financial success. Monopolistic control of industry through combinations, he concludes, has been a gigantic failure. Special privileges are but examples of keen business management. In general the so-called trusts achieve success because of efficiency and power in competition. The tariff, however, has, in his judgment, been an important factor in the development of monopolistic combinations. The labor trusts have failed to corner labor as the industrial trusts have failed to corner the market.

Mr. Fay's conclusions would be re-assuring to the conservative citizen but for the fact that he is continually calling attention to the economic waste brought about by the system which he describes and advocates. For this reason, his book is likely to strengthen the views of those who believe in corrective legislation rather than of those who believe in the return to the conditions of unregulated competition.

MAURICE H. ROBINSON.

University of Illinois.

A Comparative Study of the Law of Corporations, with Particular Reference to the Protection of Creditors and Shareholders. Columbia University Studies in History, Economics and Public Law, Vol. XLIX, No. 2. By ARTHUR K. KUHN. (New York: Longmans, Green and Company. 1912. Pp. 173. \$1.50.)

This monograph is the result of a research conducted at Columbia University under the auspices of the Legislative Drafting Association. It contains chapters on corporations in ancient times, in the Middle Ages, and in England. The main part of the work is, however, devoted to a careful critical analysis of the pro-

tection afforded to creditors and shareholders in France, Germany, Italy, Spain, and Switzerland, considered under the three heads of Organization, Operation, and Dissolution. Following each of these chapters, it discusses the legislative and reform movements on the same topics in England and America.

The purpose of the work is to show how much more completely and carefully England and the continental countries have in general protected the interests of those financially connected with corporations than has the United States, and to suggest a working program for the reconstruction of a corporation law in the United States.

There is an excellent bibliography and a complete index. However, it occasions surprise that in a work containing so complete a list of authorities, no mention is made of the contributions of Pollock and Maitland in their *History of the English Law*, or of Mommsen's incomplete work, *Zur Lehre von den römischen Korporationen*, first published in the "Zeitschrift der Savigny," and later included in Mommsen's miscellaneous works.

MAURICE H. ROBINSON.

NEW BOOKS

BARNES, V. E. *A Progressive's reasons why Uncle Sam cannot protect his people from the extortion of the trusts and combines, and the remedy.* (New Haven, Conn.: Tuttle, Morehouse & Taylor Press. 1912. Pp. 109.)

DOWNNEY, E. H. *Regulation of urban utilities in Iowa.* Reprinted from Vol. I. of the Iowa applied history series. (Iowa City: State Historical Society. 1912. Pp. 174.)

FONTAINE, A. and others. *La concentration des entreprises industrielles et commerciales.* (Paris: Alcan. 1912. 3.50 fr.)

To be reviewed.

GOTTHARDT, G. *Die verschiedenen Formen der Handels-Gesellschaften in ihrer wirtschaftlichen Bedeutung.* (Berlin: Franz Vahlen. 1912. 2.20 m.)

HERRMANN, E. *Auslese und Anpassung der Arbeiterschaft der geschlossenen Grossindustrie.* (Munich: Duncker & Humblot. 1912. 1.80 m.)

HILLS, A. S. *The origin, growth and work of public utilities commissions.* (New York: A. S. Hills. 1912. Pp. 17. Gratis.)

LIA, A. *La forza idraulica, gli impianti idioelettrici e l'imposta fabbricati.* (Tivoli: Maiella. 1911. Pp. 96. 3.10 l.)

MEADE, E. S. *Corporation finance.* New edition, revised and enlarged. (New York: Appleton, 1912, \$2.)

- MULHAUPT, E. *Der Milchring. Ein Beitrag zur Kartell- und Milchpreisfrage.* Volkswirtschaftliche Abhandlungen der badischen Hochschulen, 9. (Karlsruhe i.B.: G. Braun. 1912. Pp. 111.)
- MOLLER, W. *Das Reichspetroleummonopol. Betrachtungen über die Voraussetzungen, die Organisationsfragen und die Wirkungen.* (Berlin: C. Heymann. 1913. Pp. 68. 1 m.)
- SCOTT, W. R. *The constitution and finance of English, Scottish, and Irish joint-stock companies to 1720.* Vol. I. (New York: Putnam's. 1912. Pp. lvi, 488. 17s.)
- STEVENS, W. S. *Industrial combinations and trusts.* (New York: Macmillan. Pp. xiv, 593. \$2.)
- STRAUSS, F. *The relation between capital and rates; an address delivered at the University club, New York, March 7, 1912.* (Buffalo: The Matthews Northrup Works. 1912. Pp. 20.)

Labor and Labor Organizations

Attitude of American Courts in Labor Cases. By GEORGE GORHAM GROAT. Columbia University Studies in History, Economics, and Public Law, Vol. XLII. (New York: Longmans, Green and Company. 1911. Pp. 400. \$2.50.)

The predominant impression gotten from Groat's treatment of the trade-union law cases, is that irreconcilable diversity of opinion characterizes the decisions which have been rendered by the courts. This confusion extends even to the use of such terms as strikes, boycotts, threats, and intimidation. As to general statements on the rights of labor and capital, much less divergence exists, but some general statements lack both consistency and practicability. The courts are, however, Groat believes, slowly making progress toward the solution of the problems presented in trade-union law. No court now dares question the right of laborers to organize, although it may deny the means to make organization effective. Even more encouraging is the tendency toward eliminating the element of combination and the purposes aimed at, as being material in determining the legality of labor-union activities.

Groat boldly criticizes the courts for failing to adjust their decisions to present-day economic conditions. He views the problem of trade-union law as primarily a matter of public policy and expediency, rather than a study in legal precedents inherited from another age. All reference to the absolute rights of either party in industrial disputes is considered confusing verbiage; reform must come through recognizing that labor must be con-

ceded the right of organization, and the means of rendering it effective.

While recognizing that not all courts use such terms as strikes and boycotts in the same sense, Groat does not point out that much of the contradiction as to the legality of these trade-union activities is due to the different meanings the courts give to these terms; nor does he make any attempt to analyze by states the differences in the decisions upon trade-union law. He fails to recognize that some courts have been consistently friendly toward labor-union activities. On the contrary, he urges that the tendency is for a liberalization of trade-union law, because a number of progressive courts have recently rendered decisions favorable to labor. Had an effort been made to analyze these decisions by states it would have been apparent that no change of opinion was involved in these recent progressive decisions, and that the latest utterances of the courts which have held against labor are no more advanced than have been the earlier ones.

The author is not consistent in his statements as to the role played by the element of motive in trade-union law cases. In the chapters upon the law as to strikes, boycotts, and closed-shop contracts, the impression is conveyed that the chief reason for differences of opinion is divergence as to the question whether a malicious motive renders an otherwise legal action unlawful. In the chapter upon Special Topics, however, the view is presented that motive is quite immaterial in trade-union law. Nor is sufficient emphasis given to the theory that the right to do business is property in trade-union law. The quotations from cases which he makes constantly emphasize the loss of profits the employers have sustained, and on pages 205-210 he discusses the view advanced in several New Jersey cases, that "probable expectancy" of business profits gives warrant for action when interference takes place, as if this were a new doctrine. It is clearly, however, nothing more than an elaborate statement of the view long held that the right to do business is property. The discussion fails to include the remedies which the courts command in dealing with unlawful labor combinations. Nowhere is it clearly shown how the courts apply the doctrines of conspiracy and malice to combinations of capital. Only incidentally does the author touch upon the Sherman anti-trust law in its application to labor. Groat's treatment of trade-union law is not exhaustive, as, indeed, he does not claim it to be.

In the chapters on the attitude of the courts towards the constitutionality of labor legislation, the distinction between social justice and civil justice is consistently applied and well worked out. The author shows precedents where some courts, especially the Supreme Court of the United States, have recognized these principles, but only in cases where the actual conditions have been brought before them by counsel in such abundance that they recognize them as "matters of general knowledge." The criticism of the courts, therefore, falls back on the lawyers and referees who have not had the training adequate to assemble and present the facts of these new and actual conditions, and who, therefore, like the courts, rely upon such precedents as they can find. Even with this array of facts, some of the courts resort to their antiquated notions of liberty. In this predicament the only remedy is the slow and usually impossible amendment to the Constitution. But then, "constitutional amendments are not necessary. All that is needed is to have the new meaning read into the present phrases." The predicament then resolves itself into either the social and economic training of the lawyers, or the more rapid methods of amending the constitutions. Groat seems to take the former view. He does not attach much importance to the device of commissions composed of both lawyers and laymen with power to investigate and make conclusive findings of the facts.

JOHN R. COMMONS.

Le Mouvement Syndical. By SYLVAIN HUMBERT. (Paris: Librairie Marcel Rivière et Cie. 1912. Pp. 100. 0.75 fr.)

This little volume is one of a series of eleven volumes published in 1912 under the general title *Histoire des Partis Socialistes en France*. The series is a history of the socialist ideas and socialist parties in France since the Great Revolution. Only one volume, however, is devoted to the period from 1789 to 1871; all the others treat of the various phases of French socialism since the Commune. The editor, M. Alexander Zévaès, belonged at one time to the Guedist party—the most orthodox Marxian party in France—but is now a member of the Republican-Socialist party, which was organized in December, 1911, by socialistic groups and factions which could not or would not join the generally recognized Socialist party. The program of the Republican-Socialist party is a mixture of collectivist and individualist ideas and propositions which are to be carried out peacefully and gradually.

M. Humbert's volume is practically a resumé of the salient facts of the syndicalist movement in France. It touches on the significant dates, on the statistics of the movement, on the methods of the *Confédération Générale du Travail*, on the struggle of ideas in the movement, on the syndicalist press, but "touches" merely. The author does not treat his subject adequately, probably because of lack of space. The historical perspective is lacking, and hardly any analysis of the conditions which stimulated the growth of French syndicalism can be said to have been given. No new point of view is developed, no new facts are brought out, and the booklet can hardly be considered a contribution to the literature of the subject. The best that may be said for it is that as a resumé of the syndicalist movement it may refresh the memory of those who take the trouble to read it.

LOUIS LEVINE.

Die deutschen Wanderarbeitsstätten. By EPHREM RICKING. (M. Gladbach: Volksvereins-Verlag. 1912. Pp. 148. 2.50 m.)

For thirty years there has progressed in Germany a movement for the protection of workmen who wander in search of employment. They are received in special stations from which they may go out, after working for their board and night's rest, to try the chances of more settled employment in the neighborhood. The author of the present succinct study reviews the history of this movement, laying emphasis upon the labors of its ardent chief supporter, the late von Bodelschwingh (one of the most interesting characters surely in recent German social history), and finding a chief milestone in the Prussian law of 1907. This law gave to the provincial governments the right to compel the establishment of public stations for wanderers; several important governments have seen fit to enact ordinances accordingly; others are making further study.

Opinion in Germany is not at one concerning the utility of the *Wanderarbeitsstätten*. Yet their sponsors have considered the Prussian law successful and many have urged that an imperial law of similar intention be enacted. Their desire in this respect the author shares. Not detracting from the actual accomplishment of the efficient systems of public labor exchanges and of the labor colonies, he yet argues that neither of these is so well fitted to connect employer and workman for some tasks as is a regulated and safeguarded plan of wandering.

An appendix to this convenient volume supplies pertinent texts of ordinances, statistical tables and other matters. There is a good bibliography. The literature in English upon the subject of the book is most meager; little better is at hand than brief sketches in the pages of Schloss, Bliss, and Dawson.

ROBERT F. FOERSTER.

NEW BOOKS

ARTAUD, A. and others. *De la sanction par l'autorité publique des accords entre chefs d'entreprises industrielles et commerciales pour l'amélioration des conditions du travail.* (Paris: Alcan. 1912. 1 fr.)

BULLOCK, E. D., compiler. *Selected articles on the employment of women.* Debaters' handbook series. (Minneapolis: H. W. Wilson Co. 1911. Pp. xviii, 147. \$1.)

CLOPPER, E. N. *Child labor in city streets.* (New York: Macmillan. 1912. Pp. vii, 280, illus. \$1.25.)

COLLET, C. E. *Women in industry.* (London: The Women's Printing Society. 1912. Pp. 20. 3d.)

DAWBARN, C. J. C. *Workmen's compensation appeals.* (London: Sweet & Maxwell. 1912. 8s. 6d.)

DOWNEY, E. H. *Work accident indemnity in Iowa.* Reprinted from Iowa applied history series, Vol. I. (Iowa City: State Historical Society. 1912. Pp. 80.)

HARLEY, J. H. *Syndicalism.* (London: Jack. 1912. 6d.)

HOFFMANN, L. *La grève dans les services publics et les industries nécessaires.* (Paris: Bloud et Cie. 1912. 0.60 fr.)

KELLERSHOHN, M. *Le syndicalisme chrétien en Allemagne* (Paris: Bloud & Cie. 1912. Pp. 3.50.)

KROPOTKIN. *Fields, factories and workshops.* (London: Nelson. 1912. 1s.)

KURUC-ECKSTEIN, H. *Geschichte der Gewerkschaftsbewegung in Frankreich 1789-1912.* (Stuttgart: Dietz. 1912. Pp. 317.)

PORTENAR, A. J. *Organized labor; its problems and how to meet them.* (New York: Macmillan. 1912. Pp. vii, 184. \$1.)

The subtitle indicates the scope and purpose of this little book. The author is an organization man, and makes a direct appeal to union men rather than to the general public. His point of departure is the McNamara case, and his plea is that all violence shall be avoided by union members and sympathisers. He holds that syndicalism, *sabotage*, and the unceasing war formed by the Industrial

Workers of the World, are not only wrong but inexpedient. Constructively the writer has nothing new or striking to propose; but his advocacy of more complete coöperation within the union, and of the taking over of the training of apprentices by the unions is worthy of note. The book is well written, and the author's sincerity of purpose, clarity of reasoning, and firm grasp of fundamental economic principles will make a strong appeal to the intelligent and unbiassed reader, whether he be a union man or not.

C. W. D.

RAYNAUD, B. *Vers le salaire minimum. Etude d'économie et de législation industrielles.* (Paris: Larose & Tenin. 1913. Pp. 518. 14 fr.)

To be reviewed.

ROUGE, C. *Les syndicats professionnels et l'assurance contre le chômage.* (Paris: Rivière. 1912. 5 fr.)

RUSSELL, E. T. *The conflict between capital and labor; a fair, candid and impartial treatment of the subject from a non-partisan and Christian standpoint.* (Washington: Review and Herald Pub. Assoc. 1912. Pp. 208. 50c.)

SANDERSON, W. J. *The industrial crisis.* (London: Siegle Hill. 1912. 6d.)

SCHWITTAU, G. *Die Formen des wirtschaftlichen Kampfes (Streik, Boykott, Aussperrung usw.).* (Berlin: Springer. 1912. Pp. xi, 490. 12 m.)

SNOWDEN, P. *The living wage.* (London: Hodder & Stoughton. 1912. Pp. 189. 1s.)

TALBOT, W. *A select bibliography of recent publications on the helpful relations of employers and employed.* (Cleveland, O.: Winthrop Talbot. 1912. Pp. 112. \$1.)

VOGEL, C. *Einkommen der Handwerker im Stadtkreis Hannover.* (Jena: Fischer. 1912. Pp. viii, 81, vii. 3 m.)

WARE, F. *Causes of labour unrest.* (London: Arnold. 1912. 5s.)

WATNEY, C. and LITTLE, J. A. *Industrial warfare: the aims and claims of capital and labour.* (London: Murray. 1912. Pp. 364. 6s.)

WEBB, S. and FREEMAN, A., editors. *Seasonal trades.* (London: Constable. 1912. Pp. x, 410. 7s. 6d.)

Report on changes in rates of wages and hours of labour in the United Kingdom in 1911 with comparative statistics for 1902-1910. (London: Wyman. 1912. Pp. 159. 8d.)

Report on strikes and lockouts and on conciliation and arbitration boards in the United Kingdom in 1911 with comparative

statistics for 1902-1910. (London: Board of Trade, Labor Department. 1912. Pp. 204. 10d.)

Liste systématique des journaux syndicaux. (Brussels: Bureau de la Société Internationale. 1911. Pp. 63.)

Money, Prices, Credit, and Banking

Report of Commission on the Cost of Living in New Zealand, together with Minutes of Proceedings and Summary of Evidence. (Wellington: Government Printer. 1912. Pp. cxxxvi, 510.)

The Commission on the Cost of Living in New Zealand assembled on May 31, 1912, and reported within three months. It was given thirteen definite questions to consider relating to the increase of the cost of living in New Zealand during the past twenty years: the direction of the increase, comparative price changes in other countries, changes in the standard of living, the role played by monopolies, the tariff, land, foreign trade, labor legislation, gold production, movements of population, or other causes in increasing the cost of living and the steps to be taken to reduce the cost of the necessities of life.

In answering these questions the commission did not collect new data, but assembled and presented the results of the most reliable investigations. The data for New Zealand consist mainly of McIlraith's indices of wholesale prices of 45 commodities for the period 1860 to 1911, and 69 budgets of family expenditure collected in 1910-1911 by the "Journal of the Department of Labor." The well-known indices of prices of the United Kingdom, France, Germany, the United States and Canada are compared with those of New Zealand. The intellectual temper of the commission is shown by the nature of the authorities most frequently quoted, *e.g.*, Marshall, Bowley, Hooker, and Fisher.

The findings of the commission may be summarized as follows:

(1) Since 1894-1896 wholesale prices in New Zealand have increased about 20 per cent. (2) The greatest increase has been in foodstuffs—about 35 per cent. "Many articles of food are short in the reputed weights and measures." (3) "The rise in the cost of living, due to the increase of the prices of the articles in the uniform 'schedule of living,' has been considerably less in New Zealand than in the United States, Canada, and Germany, and appears to have been approximately the same as in the United Kingdom, but higher than in France." (4) The commission holds

"that the increased gold-supplies of the world have assisted both directly and also indirectly, through credit money, to raise the general level of prices, and the rise in the cost of living is partly the effect of the rise in general prices." Fisher's *Purchasing Power of Money* is quoted with approval. (5) The increase of wages in New Zealand for the last twenty years has been greater than the increase in prices.

The commission found that certain combinations existed for fixing selling prices, but remarked that "the experience of America does not make us too sanguine as to the benefits to be derived from legislative action." Data were produced "which show that in New Zealand prices of articles placed on the free list fell considerably during the period of rising prices." The labor legislation enacted in New Zealand during the last three years has improved the condition of laborers, but whether efficiency has increased in output per man cannot yet be definitely decided from the evidence.

The commission names twelve causes of the increasing cost of living, assigning the chief place to "the increased supply of money, including gold and credit, and the increased velocity of circulation." Among the recommendations of the commission, the most significant is that in favor of the representation of New Zealand on the proposed International Commission on the Cost of Living.

The New Zealand report is far superior to anything that has appeared on the subject thus far in the United States.

WARREN M. PERSONS.

Colorado College.

Theorie des Geldes und der Umlaufsmittel. By LUDWIG VON MISES. (Leipzig: Duncker und Humblot. 1912. Pp. xii, 476. 10 m.)

The work under review apparently represents an effort to develop a theory of money which will be in accord with the utility theory of value in its most extreme subjective applications. The process has been chiefly one of excision, in which much of current monetary principle and practice has been pruned away. The failure to recognize the general limitations upon the utility theory detracts from the merit of the work, while the thoroughgoing application of this theory in all of its detail leads to mainly negative results.

The starting point is, of course, the general theory of value.

Here the author presents and elaborates all of the refinements of objective exchange-value, subjective exchange-value, and subjective use-value (pp. 99-100). While exchange-value is more prominent in modern economic organization, yet from the social point of view, objective exchange-value leads back to a subjective use-value as the real origin of the condition or fact of value. In the case of money, however, such reference to a subjective use-value is not made, and the only form which is manifested by the medium of exchange is that of objective exchange-value. The task of the theory of money is to formulate the laws of the objective exchange-value of money, that is, of its purchasing power (pp. 106-107). The most important attempt at the formulation of such a law has been in the so-called "quantity theory of money." While this theory contains a germ of truth in the proposition that the demand for and the supply of money are conditions which affect its value, it does not afford an adequate explanation of the value of money. It explains changes in the value of money, but does not account for this value itself. Further, even the quantity of money in a community is determined by subjective forces. Each individual will require a stock of money which will be conditioned by the organization of the whole social productive and exchange apparatus. This apparatus can only motivate the individual, however, and cannot affect directly the concrete level of the money demand, which is dependent upon the subjective considerations of the individual. Two communities, under exactly similar objective environments, may maintain different stocks of money, owing to the differing subjective estimates which prevail as to the advantages or disadvantages of a large supply. The mechanical conception of the relation of the quantity of money to its value is combatted, and the contention advanced that the extent to which a change in the money supply will affect its value will depend solely upon the subjective value scale (*Wertskala*) of the individual (p. 155). That is to say, an increase in the quantity of money can affect its value only by affecting the marginal utility (*Grenznutzen*) of money to the individuals who comprise the community (p. 151).

The problem of measuring changes in the value of money presents difficulties also, which to the author are well-nigh insurmountable. All of the factors which enter into the determination of price operate only through the subjective valuations of the individual, and these factors cannot be measured. The index

number may be of some use in ascertaining objective use-value, though this is of relatively little significance, compared with the subjective significance of a given money quantity (p. 221). As an agency for historical and statistical investigations into prices, the index number may render a useful service; but it is of no significance for the development of the theory of the value of money (p. 217). A proposal recently made to use the budgets of a number of individuals for the construction of an index number based upon the real incomes of these persons, is given greater approval than the index number based upon price quotations, though the practical difficulties in the way of a proper application of the principle are recognized (p. 219).

So much for the point of view in this book. The attempt at a psychological basis for economic theory may be pleasing to some, but to the reviewer it appears to be relatively futile. Granted that in a certain sense the roots of these theories run down into the unknown strata of self, an overemphasis of these vague unknowable origins negatives all theorizing. Behind the phenomena of price may lie certain real but intangible subjective considerations which are indeterminable, and hence unmeasurable. But there are certain external objective phenomena of price which may be known, recorded, and studied; and on the basis of these objective manifestations safe conclusions may be drawn regarding the course of prices and its relation to human welfare. What further object is there to be attained? The elaborate refinements of the extreme devotee of the psychological school appear to confuse rather than to clarify useful thinking in the field of economics proper.

H. L. LUTZ.

Oberlin College.

Der Zinsfuß seit 1895. By HEINRICH BICHMANN. (Berlin: Puttkammer und Mühlbrecht. 1912. Pp. 154. 5.20 m.)

Instead of trying to take any one rate as the usual or general rate of interest, such as the rate on first mortgages or Imperial bonds, the author outlines the course of the interest rate on all the more important classes of loans. The discussion includes the official rate of discount (the Reichsbank rate); market or private rate of discount; rate of interest on short-term agricultural and commercial credits, such as those made by the Raiffeisen and Schulze-Delitsche societies; the yield of the most stable bond

issues, imperial, communal, municipal, and certain classes of corporation bonds; and finally the rate of interest on first mortgages and debentures issued by the *Landschaften* in Germany. The whole epoch from 1895 to the present day is divided into four periods: (1) 1895-1900, in which the interest rate increased; (2) 1900-1902, in which the interest rate declined; (3) 1902-1907, in which the interest rate increased rapidly reaching its highest point in the panic year 1907; and (4) 1907 to the present time, in which there has been a readjustment of the exceptionally high rates of 1907.

In a brief preface the theory of interest, the method of determining interest, and the different kinds of interest are presented (pp. 7-12). The three main chapters of the book discuss the interest rates on (1) short-time loans (pp. 15-80), (2) various classes of bonds (pp. 80-134), and (3) mortgages (pp. 135-137). The last part of the book is devoted to a rather long summary (pp. 137-152).

The rise in the interest rate on all classes of loans during the greater part of the period is ascribed to the extraordinary growth of the demand for capital in Germany (p. 151). Business depression in 1900-1902 and again in 1908-1910 caused a temporary fall in the interest rates; but in general the demand for capital increased more rapidly than the new production of capital. About the year 1895 a period of great business activity developed in Germany. The introduction of electrical power brought a demand for copper, iron and steel, coal, and other raw products; and led to the stimulation of business along all lines. Cartels and large corporations were formed. The steady growth of trade and production brought a demand for loan capital to meet the current needs of business. Again new investment opportunities both at home and abroad flooded the market with high-grade bonds. The Spanish-American, Transvaal, and Russo-Japanese wars; railroad building in the *Balkan States* and in the colonies; the development of municipal and communal enterprises; the "ever-widening functions of the Imperial government"; and the growth of large corporations supplied the market with bonds issued against ample security which tended to force down the price and increase the yield.

The appendix contains a large number of interesting and valuable tables and diagrams. These take up such items as: the *Reichsbank* rate of discount, consumption and prices of important

raw materials, bond issues since 1894, new flotations of joint-stock companies, German and foreign gold reserves, and tables showing the monthly and yearly prices of various classes of bonds.

The book is timely, well planned and organized, and places before the reader an abundance of evidence relating to the factors which influence the interest rate. The investigation is limited to Germany; the bibliography is entirely German; and the point of view is German. Inasmuch as the panic of 1907 in the United States played such an important part in fixing the high rates of that year, it seems to the reviewer that the author would have been able to obtain a fairer perspective and to discuss more pointedly the influence of the panic upon Germany (pp. 57-61) if he had consulted the wealth of material in English.

EVERETT WALTON GOODHUE.

Colgate University.

Untersuchungen über Preisbildung: Ueber Gesteckungskosten im Buchdruckgewerbe. By T. FRANCKEN; *Einfluss der Konjunkturen auf die Preisentwicklung der unedlen Metalle und der Steinkohlen seit 1890.* By L. HERTEL; *Die Preisgestaltung der inländischen Braunkohlen seit 1890 in den Oberbergamtsbezirken Bonn und Halle.* By J. SCHRADER. Schriften des Vereins für Sozialpolitik, Vol. 142, Part 1. (Leipzig: Duncker und Humblot, 1912. Pp. 251. 6 m.)

Untersuchungen über Preisbildung: Die Verteuerung der Lebensmittel in Berlin im Laufe der letzten 30 Jahre und ihre Bedeutung für den Berliner Arbeiterhaushalt. By GUSTAV BRUTZER. Schriften des Vereins für Sozialpolitik, Vol. 139, Part 2. (Leipzig: Duncker und Humblot. 1912. Pp. 88. 3 m.)

Die Preissteigerung des letzten Jahrzehnts. By FRANZ EULENBURG. (Leipzig: B. G. Teubner. 1912. Pp. 96. 2.40 m.)

Il Movimento dei Prezzi e dei Salari nell'Anno 1911 a Trieste. By MARIO ALBERTI. Pubblicazioni del Museo Commerciale. (Trieste: E. Vram. 1912. Pp. 114.)

Die Fleischversorgung der Grosstädte unter besonderer Berücksichtigung der Preisbildung und Preisentwicklung, dargestellt auf Grund der Verhältnisse der Stadt Cöln. By FRITZ ROTHE. (M. Gladbach: Volksvereins-Verlag. 1912. Pp. 144. 3 m.)

The Verein für Sozialpolitik—the German association of econo-

mists—has undertaken the publication of a series of studies on prices, with the view of showing the factors which are responsible for the present rise in price levels. Sering, of Berlin, is the editor of the series on agricultural products, and Eulenburg, of Leipzig, is in charge of that on industrial products.

Dr. Francken's study of prices in the printing industry follows a comparatively simple plan; he has taken an outline analysis of costs in factory industries from a special study on that subject, and has then compiled the available information for the printing industries under each of the captions in the cost analysis. Thus the principal raw materials are paper, type-metal, ink and coal; a chapter is devoted to each of these, showing the price tendencies and giving comparisons both for earlier periods and for the leading countries. The most interesting feature of the study is the evidence concerning the extent to which the industry has been organized in the effort to regulate prices and trade conditions. There is a cartel in the paper industry and coal industry; the printing workmen have a national union which practically controls the labor supply, while their employers are combined in an association which includes all the important establishments, and the two organizations work together under a long-term trade agreement; finally the booksellers' association regulates the retail distribution of the finished product. The author has given an interesting review of the various factors in the industry of book printing; the study, however, lacks head and tail, and one concludes the reading of the hundred pages with the feeling that while the author set out to investigate the price elements in this industry, he had found so much collateral information of interest that he has almost concealed the real point of his study.

The second part of the volume is a study by Dr. Hertel on the development of the prices of the non-precious metals and of hard coal since 1890. The articles included are pig iron, hard coal, copper, lead, tin, and zinc; the statistical tables give the production and prices for the four periods 1891-1894, 1895-1900, 1901-1903 and 1903 to date. A series of charts show the price curve for each of the metals in each of the leading countries. The author's conclusions, namely, that speculation and artificial control of prices by pools and syndicates affect prices only temporarily, and that price variations are the result of changes in supply and demand, seem rather obvious.

Dr. Schrader's contribution on the prices of soft coal in the

mining districts of Bonn and Halle forms the third part of the volume. These two areas in 1910 produced about 80 per cent of the soft coal production of the empire. This study also follows the plan of first outlining the elements which compose the price of coal, and then discussing these items seriatim. The chapters on wages and on marketing methods impress one as careful pieces of work.

For the American reader, the value of these three studies consists not so much in the information on prices, though the price data have been fully and clearly presented, as in the light they throw on the efforts of the producers in these industries to influence prices through organizations of various kinds. The policy of the present administration in the United States of dissolving such organizations is in striking contrast to the German policy of toleration.

According to Brutzer, wages have risen more rapidly than the cost of food in Berlin during the period 1881 to 1910. This conclusion is derived by comparing the cost of food for a typical family of four, with the income statistics of wage-earners, in the city of Berlin. The author begins by stating that as part of a world movement, the price of the necessities of life had risen to a considerable extent in recent years, and that this rise had occurred at the same time that the wage-earner was persistently endeavoring to raise his standard of life. While the conclusion of the author is optimistic, he is careful to state that items other than food, such as rent, taxes, etc., have also risen.

The methods followed in this study are simple and direct; recent investigations of the cost of living in Berlin showed an expenditure of over 50 per cent of the workman's income for food, and that the most important items of food were meat, bread, and milk. The price movements of these articles are carefully presented, and an effort is made to show the elements forming the price at the present time, as the sources of supply, the cost of transportation, and the cost of marketing are given for each article. More efficient methods of manufacture, and especially the use of co-operative measures among the small producers, would materially reduce some of the costs of production.

Professor Eulenberg has given in his monograph a very readable survey, not only of the rise of prices in the last decade, but

also of general price movements since 1850, together with his views as to the probable future course of prices. He discusses briefly the technique of estimating price movements, describes the period of rising prices from 1850 to 1873, the period of falling prices from 1873 to 1896, and then gives in more detail a review for the period since 1896. The increase in prices since 1900 is a well-defined movement, not due to temporary causes, is not confined to any one group of commodities, and is not limited to any one country. Furthermore, it has occurred at a time when technical progress in industrial processes might lead one to expect a contrary movement. The causes of this upward tendency since 1900 include (1) the appearance on the world market of new consumers (South America, Asia, Africa, etc.), who have enlarged the general demand; (2) the growth of cities and similar changes have caused new wants to develop and have extended the demand; and (3) the increase in the world's capital and the consequent greater income have also enlarged the demand on the world's producing powers. To satisfy this larger demand more producers have been set to work in a brief space of time, and higher prices have resulted because of the necessity of using less efficient producers, deeper mines, poorer soil, etc. These factors, however, are of importance in price movements only if the value of the circulating medium remains constant. The author finds that the effects of the greatly increased production of gold have been: (1) there is now a larger quantity of gold in the possession of the leading countries, and this has developed credit and stimulated consumption; (2) the number of gold standard countries has increased because of the larger supply of gold, and this has enlarged the purchasing power of the newer countries; and (3) the purchasing power of the countries which produce the gold has been directly increased.

The author handles the quantity theory of money rather gingerly, though he insists that in some form it must be accepted; the only modifications mentioned, however, are the traditional references to the use of credit instruments and the more rapid circulation of currency. Being originally prepared for a lecture, the study contains but few statistical statements. A series of notes at the end of the volume give an adequate number of references to sources.

The study of Mario Alberti is the second of what is promised

to be a periodical review of prices and wages in the Austrian city of Trieste. The first study, *Il Costa della Vita, i Salari e le Paghe a Trieste nel l'Ultimo Quarto di Secolo*, covered the period 1885 to 1910, and in the present volume the information is brought down to 1911, while some comparisons with foreign countries are also given; an appendix contains an extensive bibliography on prices and the cost of living.

The principal contribution of the study is the collection of retail prices and of wages, with the computations showing the development of these two factors over a period of years. The price data are retail prices paid by the Trieste poorhouse (Istituto dei Poveri); a weighted and an unweighted index are given for these prices, the latter showing that prices were 12.35 per cent higher in 1911 than in 1910, and the former (weighted according to the consumption of workmen's families) showing that the cost of living had increased 13.12 per cent in the same time. The wage data were secured principally from trade agreements, and the index computed from them showed that wages at the beginning of 1912 were 8.67 per cent higher than in 1910.

A special chapter is devoted to comparing the cost of living and wages in Trieste with foreign countries, the series of cost-of-living reports of the British Board of Trade being used as the basis for most of the comparisons. These contrasts show that the cost of living in Trieste is higher than in the United States or in any leading European country; wages in Trieste are much lower than in the United States, lower than in England and Germany, about the same as in France, and higher than in Italy and Belgium. The weakness of this statement lies in the fact that the single city of Trieste is compared with an average for a whole country; thus the cost of living average for the United States is made up of data for 28 cities, including places like Muncie, Indiana, and Detroit, Michigan. From estimates given elsewhere in the volume, it may safely be inferred that an average for the leading Austrian cities would show a cost of living index much lower than that for Trieste. A comparison of Trieste with Baltimore or Liverpool would have been more to the point. The author is also somewhat careless with his percentages; he finds that the wage index for Trieste is 76, for England 100 and for the United States 230; he then concludes (page 59), "wages in the United States are on an average 130 per cent higher than in England, and 154 per cent higher than in Trieste." It seems hardly nec-

essary to point out that 230 is not 154 per cent higher than 76. The same error occurs elsewhere in the chapter.

A bibliography fills up 46 out of the 114 pages in the volume; in the present deluge of printed matter on prices and cost of living, an indiscriminate list, such as the one here given, is of less value than a selection of sources with notes as to the value of the contents. The author has rendered a service in giving a clear and full statement of the course of prices and wages in an important industrial and commercial city of central Europe.

The volume by Fritz Rothe is mainly devoted to an account of the sources and method of distribution of the meat supply of the city of Cologne. While the author offers little in the way of positive suggestions for improving and increasing the meat supply of Germany, he has brought out clearly the wasteful methods now in use, and the need for a constructive policy in order to relieve the present distress.

HENRY J. HARRIS.

Library of Congress, Washington.

NEW BOOKS

ARNAUNE, A. *La monnaie, le crédit et le change*. Fifth edition brought down to date. (Paris: Alcan. 1912. Pp. xii, 564. 8 fr.)

ASHLEY, W. J. *Gold and prices*. (New York: Longmans. 1912. Pp. 32. 50c.)

Six articles originally published in "Pall Mall Gazette." Gold largely responsible for increase of prices. Believes that present upward movement of prices will soon cease.

BENDIX, L. *The Aldrich plan in the light of modern banking*. (New York: Robert R. Johnston. 1912. Pp. xiv, 227. \$2.)

To be reviewed.

BRADY, J. E., editor. *Banking law journal digest; a complete digest of all the legal decisions, which have appeared in the issues of the "Banking Law Journal," from January, 1900, to June, 1912, inclusive*. (New York: Banking Law Journ. Co. 1912. Pp. xix, 210. \$8.)

BRAEDT, F. *Das Sparkassenwesen im Königreich Sachsen*. (Tübingen: H. Laupp. 1912. 4 m.)

BROWN, W. H. *The story of a bank. An account of the fortunes and misfortunes of the second bank of the United States, with a preliminary sketch of the first bank*. (Boston: Badger. 1912. Pp. xxiii, 213. \$1.50.)

CLEVELAND, F. A. *The budget as a means of locating responsibility*

for waste and inefficiency. What the president is trying to do by way of budget making for the national government. (New York: Academy of Political Science. 1912. Pp. 16.)

CROSS, F. J. *How I lived on 3d. a day and what I learnt from it: with chapters on the A B C of cheap and good foods, their cost and comparative value.* (London: Richard J. James. 1912. Pp. 124. 6d.)

HELMO, J. *Die Bankenquôte 1908.* (Leipzig: Dieterichsche Verlagsbuchh. 1912. Pp. 200.)

HELMREICH, T. *Das Geldwesen in den deutschen Schutzgebieten. Vol. I. Neu-Guinea.* (Nürnberg: J. L. Schrag. 1912. Pp. 62, illus. 1 m.)

HOBSON, O. R. *Agricultural credit banks.* (Washington: Government Printing Office. Pp. 21.)

HUSKINSON, T. W. *The banks of England's charters; the causes of our social distress.* (London: King. Pp. 152. 2s. 6d.)

LENZ, F. and UNHOLTZ, O. *Die Geschichte des Bankhauses Gebrüder Schickler. Festschrift zum 200-jährigen Bestehen.* (Berlin: Gebrüder Schickler. 1912. Pp. xxiv, 355, 94.)

LEWIN, J. *Der heutige Zustand der Aktienhandelsbanken in Russland (1900-1910). Freiburger Inauguraldissertation.* (Freiburg i.B.: H. M. Popper & Sohn. 1912. Pp. xii, 164.)

LEWIS, S. E. *The river of money and the influence of the money trust system upon the increased cost of living.* (New York: Knickerbocker Press. 1912. Pp. iv, 72. 75c.)

MINOPRIO, J. *Geldklemme und Kreditnot.* (Berlin: Verlag für Fachliteratur. 1912. 1.50 m.)

MUHLEMAN, M. L. *The world's principal monetary systems. American Bankers' Association Year Book, 1912.* (New York: Banking Law Journ. Co. 1912. Pp. 52, 59, illus. \$1.)

MYRICK, H. *Coöperative finance. An American method for American people.* (New York: Orange Judd Co. 1912. Pp. 300, illus. \$2.50.)

Proposes a federation of banks, somewhat similar in effect to the Aldrich plan, but with more popular control. Emphasis placed upon the need of land mortgage banks.

NUSCHELER, H. E. *Die Zürcher Kantonalbank. 1870-1904.* (Zürich: E. Speidel. 1906. 1912. Pp. xii, 175 and 204. 2.40 m.)

PFAHL. *Die mitteldeutsche Privatbank, Aktiengesellschaft, früher: Magdeburger Privat-Bank 1856-1911.* (Halle: H. Kuhnt. 1912. 4 m.)

RAINER, L. S. *Goldproduktion und Teuerung.* (Berlin: Verlag für Fachliteratur. 1912. Pp. 31. 1.50 m.)

RATZKA-ERNST, C. *Welthandelsartikel und ihre Preise. Eine Studie zur Preisbewegung und Preisbildung.* (Munich: Duncker & Humblot. 1912. 7 m.)

SCHAUER, C. *Die Preussische Bank.* (Halle a.S.: F. Münter. 1912. 4.50 m.)

TAIT, J. S. *The relation of banking reform to corporate financing; read before the American Civic Alliance, at Washington, December 29, 1911.* (Washington: B. C. Adams. 1912. Pp. 24.)

THIEME, F. *Die Entwicklung der Preise und ihre Bedeutung für die wirtschaftliche Lage der Bevölkerung der Stadt Halle.* (Munich: Duncker & Humblot. 1912. 3 m.)

TIFFANY, F. B. *Handbook of the law of banks and banking.* (St. Paul, Minn.: West Pub. Co. 1912. Pp. xi, 669. \$3.75.)

WEBB, M. de P. *Britain's dilemma.* (London: King. 1912. 7s. 6d.)

If the Indian mints were opened and the financial policy of the Indian Council reconstructed resulting in a use of gold in that country, the overabundance of gold in Europe would be diverted, and accordingly prices would be steadied and labor unrest lessened.

WHITE, H. *Plans for monetary reform. Address delivered at the Finance Forum of the West Side Y. M. C. A., Nov. 13, 1912.* (New York: Y. M. C. A. 1912. Pp. 24.)

WILLIAMSON, A. *The French law relating to bills of exchange, promissory notes, and cheques.* (London: Stevens & Sons. 1912. Pp. 224. 10s.)

Trust companies in the United States. 1912 edition. (New York: U. S. Mortgage & Trust Co. 1912. Pp. xlvii, 442.)

Die Reichsbank, 1876-1910. (Jena: Fischer. 1912. Pp. viii, 251. 8 m.)

Public Finance, Taxation, and Tariff

Annexation, Preferential Trade and Reciprocity. By CEPHAS D. ALLIN and GEORGE M. JONES. (Toronto: Musson Book Company. 1911. Pp. xii, 390. \$2.50.)

This careful study of the Canadian annexation movement of 1849-1850 shows in interesting fashion the importance of economic influences in determining political development, and at the same time suggests the inadequacy of a purely economic explanation of history. By the sweeping away of the British corn laws, Canada lost the preference her products had enjoyed in the English market, while the maintenance of the navigation acts put her at a disadvantage in competing with the United States in that market. From other markets her goods were excluded by high

protective duties. The sudden loss of the British outlet caused a period of sharp depression in parts of Canada and notably in Montreal. Out of this economic distress, together with a certain irritation arising from political causes, arose the movement for annexation to the United States which developed such sudden strength in the latter part of 1849 and which was snuffed out a few months later with equal suddenness.

Allin and Jones's account of the movement, which is based on a careful study of the newspapers and official documents of the period, traces impartially the rise and decline of the agitation, and shows clearly the forces that gave it strength. As the authors say:

The revival of business dealt a crushing blow to the cause of annexation. . . . The annexation movement was in reality but a passing phase of the economic history of the colony; it was essentially the product of adversity and resentment against the English government, and it could not thrive during a period of returning prosperity.

The authors have let the actors and newspaper writers of the time tell their own story for the most part; and the result is perhaps not wholly happy from the literary point of view, but this loss is counterbalanced by the definiteness of the picture of conditions and opinions that is afforded. The book is a useful one.

HENRY R. MUSSEY.

Columbia University.

Provincial and Local Taxation in Canada. By SOLOMON VINEBERG. Columbia University Studies in History, Economics and Public Law, Vol. LII, No. 1. (New York: Longmans, Green and Company. 1912. Pp. 171. \$1.50.)

Dr. Vineberg has broken new ground. This monograph is the first attempt to present a comprehensive survey of the systems of local and provincial taxation in force in the Dominion. The scope of the task, the variety of details in the different provinces, and the lack of secondary material have made it necessary to deal with the subject only in outline. But as an introduction to the field it is an excellent piece of work, concise, well-arranged, lucid, and balanced in judgment.

The opening chapters are historical, reviewing the growth of the constitution and the consequent distribution of taxing power, the development of municipal institutions, and pre-confederation systems of taxation. Though brief, they furnish a good back-

ground; there are a few minor errors in the constitutional references, as in the statement (p. 18) that the federal veto power is exercised only when a provincial legislature has clearly exceeded its jurisdiction—the veto as a matter of fact, having been used to enforce conformity to federal policy in fields quite within the constitutional competence of the provinces.

The most distinctive features of Canadian taxation, as outlined in the later chapters, may be noted. First is the close connection between federal and provincial finance, through the payment by the Dominion to the provinces of subsidies averaging forty per cent of their total revenue. Dr. Vineberg touches upon the dangers involved in this separation of the spending from the providing power, but is rather too optimistic in his conclusion that the constant demands for better terms have been finally settled by the revision of 1907, in view of the renewed demand urged this present session by British Columbia.

Quite in the contrary direction is the variation from United States practice afforded by the separation of the sources of revenue of provincial and municipal authorities. The historical basis for the abstention of the provinces from levying a general property tax is shown to be that in earlier years imperial subsidy or customs revenue, and in later years federal subsidy and crown lands resources, afforded readier means of meeting financial needs.

Not only has the general property tax not been required by the provinces, but the corporation taxes which the states to the south have devised to replace or supplement it have not been developed in any marked degree, except as to moderate taxes on financial and transportation companies. Succession duties, however, have been adopted in all the provinces, and the question of jurisdiction involved has been faced more successfully than in the case of taxes on companies operating in several provinces. The author omits to note the interesting experiments made by Ontario in taxing mines on net profits.

In the local field, chapters are given to the taxation of real estate and of incomes, and to the business assessment. Under the first head chief interest attaches to the clear summary of the steps taken in the western provinces to exempt improvements, in whole or in part. It is rightly pointed out that the rapid progress of this movement has been possible only because of the tremendous increase in land values, and the comparatively low rates levied, and that the taxes have not prevented speculation. In fact, it

might be added that the western speculator has every reason to bless this much heralded tax reform as a very useful red herring drawn across the trail which might otherwise have led to taxes on the enormous increment reaped in these early years. The municipal income taxes are given a qualified approval, hardly justified by experience of the heavier burden borne by salaries as compared with independent incomes. The business assessment is declared a decided advance on the personal property tax which preceded it, but still far from perfect; the author, after making the general criticism that the Ontario system of local taxation lacks consistency in adopting both property and income as bases of assessment, proceeds himself to draw up an amended scheme in which the double basis is retained. The distinctive feature of the proposal, so far as the reform of the business assessment goes, is the taxation of business income, ascertained in the first place by investigation on English or Prussian lines, and thereafter by taking such a multiple of the rental of the premises occupied as this investigation shows to be warranted, on the average, in each occupation. Assuming the possibility of ascertaining income correctly in the first place, it is not quite clear why this basis should not be maintained, instead of going to the indirect and averaged ratio suggested. While, however, there may be room for difference of opinion on this and other points of constructive criticism, there is no question of the service Dr. Vineberg has afforded students of taxation by the comprehensive description and balanced comment which mark his work.

O. D. SKELTON.

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The History of Local Rates in England. In Relation to the Proper Distribution of the Burden of Taxation. By EDWIN CANNAN. Studies in Economics and Political Science, No. 1 in the Series of Monographs by Writers Connected with the London School of Economics and Political Science. Second edition. (London: P. S. King and Son. 1912. Pp. xiv, 209. 3s. 6d.)

The first edition of this book which appeared in 1896 has won for itself a permanent place in the history of taxation. In the edition now before us the first five chapters, constituting nearly two thirds of the text, are republished from the first edition, with a few corrections and the omission of the last five pages. The

three new chapters are concerned largely with present-day problems of local finance in England.

In chapter 6 is treated the much mooted question of the local ratepayer against the national taxpayer. "The triumph in 1840 of the principle that local rating was to be confined to immovable property did not leave those who thought that kind of property too heavily burdened altogether without resource. While local taxation fell entirely upon immovable property, general or national taxation fell also, and perhaps for the most part, upon other property and on incomes derived from labour. Consequently, the more any particular expense could be placed upon the general taxes rather than on local rates, the less would be the burden upon immovable property. Hence the struggle between 'the ratepayer' and 'the taxpayer' " (p. 132), which has played such an important role in English financial history for two generations, and which has resulted in the growth of numerous grants from the general government to the local governments in "relief of rates"—grants in aid of the local police service, elementary education, charities, corrections, and the like, and which has resulted also in the transference to the local governments of the proceeds of certain taxes and fees collected by the central government. The story of this struggle and its results as told by Mr. Cannon is the most valuable contribution of this new edition of the book. It is likewise the part which is most suggestive to the American student, for he will naturally ask: Is England's experience a sign-post pointing in the direction whither we are going in the United States? If our antiquated personal property tax is finally discarded, and the "American rate" comes to be merely a tax upon real estate, will this result be followed in many sections of the country, as it has been in England, by a clamor for increasing grants of funds from the state to local governments, and by a continuous increase in the interference of the state governments with local affairs?

The other new chapters treat a variety of subjects, many of them more or less controversial, particular attention being given to the subject of the equity of rates concerning which the author's conclusions are essentially negative in character.

The book contains a mass of facts, and shows a painstaking search of the records. To the American reader unfamiliar with the intricacies of English local government the book is difficult reading, although it is well worth the effort, particularly in view of the

suggestiveness of England's experience in connection with our own problem of the general property tax.

E. W. KEMMERER.

Princeton University.

The Exchequer in the Twelfth Century. By REGINALD L. POOLE.
The Ford Lectures Delivered in the University of Oxford in
Michaelmas Term, 1911. (Oxford: The Clarendon Press.
1912. Pp. ix, 195. 6s. 6d.)

This book describes the beginnings of part of one of the modern complex systems of administration, the central financial machinery, the exchequer of England in the twelfth century. It is, therefore, not a financial history, nor a history of taxation, but would form a chapter in such a work. The author reviews the literature on the subject and then sketches the system of payments and accounting to the king before the time of Henry II, the most noteworthy feature of which was a method of auditing the accounts worked out by counters on a chequered table and recorded on rolls. This took place before 1118 and from the chequered table (*scaccarium*) we get the term exchequer. Then follows a description of the exchequer mainly under Henry II, its officials, their duties and emoluments, the way in which payments were made and the method of drawing up the rolls; a final chapter treats of the exchequer as a court. The most valuable single source used is the *Dialogus de Scaccario*, a work written a little before 1180 by Richard Fitz-Neal, the king's treasurer. Through it, more is known of the central financial department of Henry II than of that of any other mediaeval king. Modern writers find that the treasurer was, in general, accurate when he dealt with details of administration, but was quite liable to go wrong when he tried to explain the origin of some office or practice. To the careful study of the *Dialogus* and of other sources, like the Pipe Rolls, Professor Poole has added discriminating use of the results of the investigations of other scholars in the field of early financial history and has thus produced an excellent essay on the whole subject of the exchequer and its origin. The matter is technical, but he has made his book readable. One can wish that he will find an opportunity to give us the results of his work on the sources of the king's income. There is a useful index.

SYDNEY KNOX MITCHELL.

Yale University.

Les Gardes d'Honneur de la Marne, 1813. By FRANÇOIS SAGOT.
(Reims: Matot-Braine. 1911. Pp. 167. 2.50 fr.)

The *Gardes d'honneur* were a cavalry corps of four regiments which Napoleon raised in 1813 for his last campaigns, to re-enforce his Old Guard, decimated by the Russian expedition. The imperial treasury was empty, the resources of the nation no longer responded to taxation, and the most vigorous among the poorer classes had all, long before, been sent to the front. The recruiting, equipping, and financing of these troops therefore presented a delicate and perplexing problem. M. Sagot, on the basis of searching investigations in the *Archives Nationales* and in the *Archives Départementales de la Marne*, shows how this problem was solved by an appeal to personal vanity, supplemented by a threat to private wealth. The members of the *Gardes d'honneur* were to be chosen exclusively from the ranks of the higher classes, who had before escaped enlistment by hiring substitutes, and they were to pay for the privilege of this exclusiveness by defraying their own expenses during their first year of service. It was to be a high honor to be called upon to join these troops and to contribute to their maintenance, but an honor not to be lightly declined, nor, in fact, easily evaded. The terms of the imperial summons made it very clear that no cautious subject could afford not to appear flattered on being selected. M. Sagot, quoting liberally from manuscript documents, shows how the expression of the Imperial Will in this matter, faithfully interpreted by minister, prefect, and sub-prefects was transmitted to the Department of the Marne and complied with therein.

The specifically military and administrative nature of this monograph does not allow a detailed review at this place. But although in no sense a treatise on financial history, M. Sagot's *Gardes d'Honneur de la Marne* belongs to that happily large and varied class of books, which the economist may take up without remorse in his weary moments, with the comforting sensation that he is widening his field of professional knowledge, while indulging in a very pleasant form of intellectual recreation.

WILLIAM E. RAPPARD.

Harvard University.

NEW BOOKS

AGUILLON, L. *Exposé de la taxation des mines dans les divers pays.*
(Paris: Dunod et Pinat. 1912. Pp. 76. 2.50 fr.)

ANGELL, N. *International finance and international polity*. (London: Heinemann. 1912.)

BAGGE, MRS., editor. *The unionist workers' handbook*. (London: King. 1912.)

Includes chapters on single tax policy, tariff reform, and social reform.

BEARD, C. A. *American city government*. (New York: Century Co. 1912. Pp. 420.)

Contains chapters on municipal finance, franchises and public utilities, municipal ownership, and tenement-house reform. Not designed for experts but for students and citizens who wish a general survey.

BEATTY, C. *A practical guide to the death duties*. (London: Effingham Wilson. 1912. 4s.)

BRINDLEY, J. E. *Taxation in Iowa*. Iowa applied history series. (Iowa City: State Historical Society. 1912. Pp. 120.)

CURTISS, G. B. *The industrial development of nations, and a history of the tariff policies of the United States, and of Great Britain, Germany, France, Russia, and other European countries*. (Binghamton, N. Y.: G. B. Curtiss. 1912. Three volumes. \$15.)

DEWEY, D. R. *Financial history of the United States*. Fourth edition. (New York: Longmans. 1912. Pp. xl, 544. \$2.)

Contains a new chapter bringing the history down to date.

VON DEWITZ. *Erbzuwachssteuer als Besitzsteuer. Eine Krönung der Reichsfinanzreform*. (Berlin: Verlagsanstalt Politik. 1912. 0.80 m.)

DUNNING, N. A. *The tariff; all about it from its rudiments up*. (Los Angeles: Grafton Pub. Co. 1912. Pp. 198. 25c.)

FALLOON, G. *Single tax explained; its origin, object and effect*. (Kansas City, Mo.: Landowners Protective Assoc. 1912. Pp. 33. 15c.)

FLORA, F. *Manuale della scienza delle finanze*. Fourth edition, revised and enlarged. (Livorno: R. Giusti. 1912. Pp. 759. 7 l.)

FILLEBROWN, C. B. *A single tax handbook for 1913*. (Boston: C. B. Fillebrown. 1912. Pp. 180. 25c.)

Contains extracts from Mill, George, and Shearman, Mr. Fillebrown's *A. B. C. of Taxation*, and *Single Tax Catechism*. A useful compendium.

GOLDFROST, T. *Treatise on the federal corporation tax law*. (Albany: Matthew Bender & Co. 1911. Pp. 321.)

GOLDSTEIN, G. *Der deutsche Eisenzoll ein Erziehungszoll*. (Berlin: L. Simion. 1912. 1 m.)

HERRMAN, K. *Das Besitzsteuerproblem in Deutschland und in Frank-*

reich in seiner heutigen Lösung. (Berlin: Puttkammer & Mühlbrecht. 1912. Pp. viii, 140. 3.20 m.)

JANNIOT, A. *Les trois taxes, timbre, transmission, impôt sur le revenu, appliquées aux sociétés françaises.* (Paris: Alcan. 1912. Pp. vi, 202. 4.50 fr.)

JARVIS, T. C. *Income tax.* (London: Effingham Wilson. 1912. Pp. xxxii, 225. 6s.)

JASTROW, I., editor. *Handelspolitik.* Textbücher zu Studien über Wirtschaft und Staat, I. (Berlin: Georg Reimer. 1912. Pp. x, 182. 3 m.)

This compact little volume contains judiciously selected and well-arranged excerpts from various sources; books, tariff acts, commercial conventions, statistical abstracts, political speeches, memorials, etc. It is provided with explanatory remarks by Dr. Jastrow, and seems to be well adapted for its main object, to give the student easy access to some illustrative material, both documentary and other, on the question of the tariff. Although the subject is presented in a coördinate way, the value of the book as a means for self-education is doubtful.

S. L.

JEFFERSON, H. N. and ESCHER, F. *Banking practice and foreign exchange.* Modern business series. (New York: Alexander Hamilton Institute. 1912. Pp. 14, 407. \$3.50.)

KOEHNE, C. *Das Recht der Kurtaxe. Ein Beitrag zum Finanz- und kommunalen Verwaltungsrecht vornehmlich Preussens.* Abhandlungen aus dem Staats- und Verwaltungsrecht mit Einschluss des Kolonial- und Völkerrechts, 29. (Breslau: M. & H. Marcus. 1912. Pp. x, 134. 4.40 m.)

MAYER, G. *Le monopole des allumettes des 1890 à 1909.* (Nancy: Berger-Levrault. 1912. Pp. 13.)

PFITZNER, J. *Die relative Steuerkraft der preussischen Städte in graphischer Darstellung.* (Oldenburg. G. Stalling. 1912. 2 m.)

SCHNEIDER, O. *Bismarcks Finanz- und Wirtschaftspolitik.* Staats- und sozialwissenschaftliche Forschungen, 166. (Munich: Duncker & Humblot. 1912. Pp. xv, 276. 7 m.)

SEATON, R. C. *Power versus plenty. Some thoughts on the tariff question.* (London: King. 1912. Pp. 44. 2s. 6d.)

SONNENBERG, G. *Deutschland's sozialpolitische Einrichtungen im Budget des Reiches dreier Einzelstaaten Preussen, Bayern, Baden und dreier grosser Städte Berlin, Breslau, Köln. Untersucht für die Jahre 1879, 1887, 1895, 1903 und 1908.* (Berlin: Puttkammer & Mühlbrecht. 1912. Pp. 207. 4.40 m.)

STRUTZ. *Der Wertzuwachs im Reichszuwachssteuergesetz.* Finanz-Archiv, Vol. II. (Stuttgart: J. A. Cotta. 1911. Pp. 50.)

SWANK, J. M. *The industrial policies of Great Britain and the United States; part of the annual report of the secretary of the American Iron and Steel Association for the year 1876*, reprinted. (Philadelphia: Am. Iron and Steel Assoc. 1912. Pp. 114. \$2.)

VIRENQUE, L. *Des subventions proportionnelles au centime dans le droit administratif français*. (Toulouse: Bonnet. 1912. Pp. 175.)

WAGNER, A. *Traité de la science des finances*. Vol. III. *Le crédit public*. Translated from German into French by PAUL HALLIER. (Paris: Giard et Brière. 1912. Pp. 163. 8 fr.)

A financial study written for Schönberg's encyclopaedia; not an extract from *Finanzwissenschaft* and does not include the author's discussion on the theory of public debt.

WIESINGER, K. *Die Zölle und Steuern des deutschen Reiches*. Sixth edition. (Munich: Schweitzer. 1912. Pp. vii, 441. 10 m.)

WILLGREN, K. *Ocfversikt af den Modärna Statliga Inkomst- och Förmögenhetsbeskattningarna i Europa*. (Helsingfors. 1911. Pp. vii, 724.)

WISSINGBURGH, O. *Eine bayerische Staats-Lotterie*. (Munich: Steinebach. 1912. Pp. 19. 0.75 m.)

——— *Departmental committee on local taxation. First report* (6304. 1d.) *Appendix*. Vol. I. *Evidence, November 15, 1911-May 1, 1912* (6303. 4s.). Vol. II. *Memoranda submitted to the committee* (6303. 1s. 4d.). (London: King. 1912.)

——— *Home rule from the Treasury bench. Speeches during the first and second reading debates*. (London: Unwin. 1912. Pp. 320. 7s. 6d.)

——— *Public accounts committee. First, second, and third reports, with evidence and appendices. Estimates, report of select committee* (277. 1s.). *Revenue and expenditure for 1911-1912, showing England, Ireland, and Scotland separately* (190. 2d.). *Imperial revenue and expenditure, Great Britain and Ireland, from 1819 to 1912* (189. 3d.). (London: King. 1912.)

——— *Some corporation and taxation problems of the state, and a statement of the reasons for an applied economics club*. Humanistic series, 13. (Austin, Tex.: University of Texas. 1912. Pp. 146.)

——— *Who pays: the real incidence of taxation*. Social science series. (London: Allen. 1912.)

——— *Die neuen Gesetze über die allgemeine Erwerbsteuer und über die Einkommensteuer*. (Budapest: M. Rath. 1912. Pp. 136. 3 m.)

Population and Migration

Problems in Eugenics. Papers Communicated to the First International Eugenics Congress Held at the University of London, July 24th to 30th, 1912. (London: The Eugenics Education Society. 1912. Pp. xix, 496. 8s. 6d.)

Heredity and Eugenics. By W. E. CASTLE, J. M. COULTER, C. B. DAVENPORT, E. M. EAST, and W. L. TOWER. (Chicago: The University of Chicago Press. 1912. Pp. vii, 315.)

Heredity in Relation to Eugenics. By CHARLES B. DAVENPORT. (New York: Henry Holt and Company. 1911. Pp. xi, 298. With 175 illustrations and diagrams, and complete bibliography and index. \$2.00.)

The Social Direction of Human Evolution. By WILLIAM E. KELLICOTT. (New York: D. Appleton and Company. 1911. Pp. xii, 249. \$1.50.)

The Kallikak Family. By H. H. GODDARD. (New York: The Macmillan Company. 1912. Pp. xv, 121, charts and illustrations. \$1.50.)

Race Improvement or Eugenics. By LA REINE HELEN BAKER. (New York: Dodd, Mead and Company. 1912. Pp. 137. \$1.00.)

The Task of Social Hygiene. By HAVELOCK ELLIS. (Boston: Houghton, Mifflin Company. 1912. Pp. xv, 414. \$2.50.)

The literature of eugenics is rapidly developing, more rapidly than the "science" itself, in fact. The seven books before us vary greatly in point of view, in scope, and in value, but speaking in general they amply bear witness to the fact that eugenics is in the early, dangerous, stage of enthusiastic imaginings and daring inference, where it needs protection from its friends and where searching criticism from without may do it good and render society some protection.

Judging from the papers presented before the International Eugenics Congress, there is very little agreement, in Europe and America, as to subject-matter and method of theoretical eugenics, and still less as to measures of practical application. While, for instance, sterilization of hopeless defectives has found favor in this country and already been provided for in the statutes of approximately a dozen states, the English will have none of it. And again while the Continental investigators seem on the whole to have confined themselves to the anthropological and demographic

methods, the English, and more especially the Americans, under the leadership of the biologists, have gone ahead rigorously with experimental genetics, and are daringly applying the principles of Mendelian heredity to the interpretation of human evolution. The papers presented at the congress are grouped in four sections, dealing with the relation of biology, sociology, and medicine to eugenics, and with "practical eugenics." Covering so wide a field, it cannot be said that the papers get anywhere, except to indicate in a suggestive way the wide range of interests and forces the eugenicist will have to consider. A few of the papers are really contributive. Especially may be mentioned Raymond Pearl's paper on the inheritance of fecundity, and that of Dr. Weeks' on the inheritance of epilepsy. Bleeker Van Wagenen's report for the Eugenics Section of the American Breeders' Association gives an interesting summary of American legislation and experience in the sterilization of defectives. The English generously kept themselves in the background, their only really serious paper being one by Dr. Mott, pathologist to the London county asylums, on "Heredity and Eugenics in Relation to Insanity," in which the author, unlike many of our American brethren, carefully tries to give due weight to the influence of both heredity and environment in the causation of mental defect. Other papers of interest to the economist are Lucien March's discussion of the fertility of marriages according to professional and social position, and Achille Loria's on the psycho-physical élite and the economic élite. On the whole, the first Eugenics Congress was a good deal of a blunderbus, scattering its fire widely and with uncertain aim. It may, however, be taken as a hopeful indication of more productive coöperation in the future between biologists, sociologists, and medical men. Future eugenics congresses will be in the nature of clearing-houses of knowledge and coördinating centers. It is but the question of a few years before the economists will have to make their contribution, and already, in the general ideal of conserving human energy, which should be perhaps *the* economics ideal, the eugenics idea is so important, in promise, that economists cannot afford to ignore it.

The next three titles are from biologists. The book by Castle, Coulter, *et al.* consists of a course of lectures summarizing recent investigations, mostly of an experimental genetic character, into variation, heredity, and evolution in relation to the improvement

of plant, animal, and human strains. The lay reader will find lucid explanations of Mendelian inheritance—without some knowledge of which no one can understand the work now being done in eugenics; but the only chapters dealing directly with eugenics are two by C. B. Davenport, which are reprinted from his *Heredity in Relation to Eugenics*.

Davenport's book may be taken as fairly definitive of the status of eugenics in this country, since the author writes from the authority of official position—the directorship of the Department of Experimental Evolution of the Carnegie Institution and of the Eugenics Record Office, Cold Spring Harbor, Long Island. The meat of the book is chapter 3, on the inheritance of family traits. The greater portion of this consists of a running and more or less superficial survey of the inheritance of a large number of physical defects, many of them of a rare and unimportant nature. In many cases the inheritance of the defect is demonstrated, but in others the evidence offered is extremely meager; the pedigrees sometimes go back but one or two generations and the fraternities are frequently incomplete, leaving the reader with the near-conviction that the data may be misrepresentative, and the “sampling” unscientific. Moreover, when an author pictures a few family trees and thinks that he thereby proves the organic inheritance of such complex characteristics as musical, artistic, and literary ability, mechanical skill, and pauperism, he affords as sad a spectacle of the specialist running amuck out of his course as did ever sociologists in the old palmy days when they were borrowing bodily from biology and uncritically clapping onto social theory theoretical crudities which the scientists themselves had got beyond. Dr. Davenport makes a half-hearted attempt to appraise the influence of environment, but his treatment is flimsy and one might almost say insincere. He is not interested in environmental influence. He sees little but organic inheritance in the causation of human characteristics, in which he is undoubtedly wrong; and he sees no heredity that is not Mendelian, in which, no doubt, he stands good chance of being right. His discussion of the influence of the individual on the race, including the Jukes, the Ismaelites, and the Banker family, is practically worthless because he ignores or overlooks environmental influences, economic and social. His treatment of the significance of migrations is marred in the same way. New York city is the result of the germ plasm of “a band of Dutch traders.” Virginia

was enriched by "a germ plasm which easily developed such traits as good manners, high culture, and the ability to lead in social affairs." New England's abandoned farms "point to a trait in our blood that entices us to move on to reap a possible advantage elsewhere"—similar, one may ask, to the trait "in the blood" of the undersized defectives of South Europe which drives *them* to reap possible advantages on our shores? Surely the economist should follow up this germ plasm clue! It should marvelously simplify the investigation of economic history and economic organization.

Seriously, we regret that Dr. Davenport did not wait a year or two before putting out this book. When a writer cites a family of yacht builders in which father, son, and grandson have designed and built cup-defenders, as a proof of the inheritance of specific mechanical ability, he has simply failed to think of the power of family interests and traditions, training, and above all of suggestion. No biologist should set his pen to eugenic paper until he has prayerfully brushed up his knowledge of modern genetic psychology and psychological sociology. He will then talk less glibly of the inheritance of specific mental abilities. By all means let us have all the light on heredity that scientific investigation, amply endowed, can give us, but in our enthusiasm in following out a new line of discovery let us not neglect to view scientifically *all* the factors that determine the character of the individual in society. A practically contemptuous attitude toward environmental influence, an ignoring of the tremendous power of "social heredity" and especially of the power of seemingly trivial suggestion on the young developing mind, cannot but injure, in the long run, the cause of racial improvement which Dr. Davenport has with such devotion and ability set himself to stimulate. These adverse criticisms do not denote any lack of appreciation of the fact that the author is doing hard pioneer work, and that in founding the Eugenics Record Office and in training eugenics investigators he is perhaps building for a social reform more lasting than are some to which both sociologists and economists are devoting their best energies.

Professor Kellicott's book is built on broader lines, in that he recognizes the at least temporary value of the work of the biometricians under the leadership of Karl Pearson. For a general, brief survey of the present relation of biology to sociology and eugenics

perhaps nothing better can be found. The author grants cordial recognition to the necessity of gathering data with regard to environmental as well as hereditary influence, but he, too, in spite of his broader horizon, falls more than once into the uncritical receptive attitude. For instance, he accepts without question Pearson's crude and palpably unscientific investigation into the inheritance of mental and moral characters, Galton's study of Royal Society fellows, and Schuster's study of Oxford class lists. Again, he betrays the biologist's human fallibility in his brief references to the increase of crime—which completely ignore the increasing complexity of society as a cause. So too in his discussion of the differential birth-rate (pp. 123 ff.), which may profitably be compared with Loria's paper above mentioned, he simply assumes uncritically that economic position and psychic ability are coterminous. And nowhere does he sufficiently point out the extreme difficulty of distinguishing between the effects of environment and heredity.

The Kallikak Family, by the director of the research laboratory of the Vineland (N. J.) Training School for Feeble-minded Girls and Boys, is a book of another type. What investigations such as those into the Jukes and Edwards families failed to do—segregate environmental and hereditary influences and demonstrate the heritability of mental defects—this monograph does, beyond possibility of reasonable doubt. Not only is the hereditary character of feeble-mindedness proved with practical conclusiveness, but its economic significance is set forth calmly and sanely and with rare impressiveness. Every economist should read this book, whether he is interested in a dream of a future race, perfect in beauty and holiness, or not.

The little book by La Reine Helen Baker is an essay on the ethics of eugenics. The author has some keen and sensible, some daring ideas, and is not without a fetching knack of expression which adds to the suggestive quality of the book.

It is impossible to do justice to Havelock Ellis' *The Task of Social Hygiene* in short space, inasmuch as the title is misleading and the book covers a variety of subjects from the emancipation of women in relation to romantic love to the problem of an international language. A better title for the book would have been

"the conservation and economy of human energy," for this unifying idea runs through all the essays—the liberation of human capacity under a system of rational morals looking toward the upbuilding of a new race and a new society. There is, perhaps, somewhat in the book that the reader with static and non-utilitarian notions of morality will recoil from, but no one can fail to be stimulated by a perusal of most of the chapters. The economist will find, in chapter 5, a welcome change from constant calamity-howling over the falling birth-rate, though he may think the author extreme in saying that large families "may probably be regarded, as Nacke suggests, as constituting a symptom of degeneration." Other chapters worthy of attention are those on the problem of sex hygiene (in which a specialist on the psychology of sex urges caution), on immorality and the law (in which he looks for little result from vice commissions and vice crusades that expect to solve the prostitution evil by legislation), on the war against war, and the final chapter on individualism and socialism. "The key to the situation," says the author, "is to be found in the counterbalancing tendency of individualism, and the eugenic guardianship of the race. . . . Through the slow growth of knowledge concerning hereditary conditions, by voluntary restraint, by the final disappearance of the lingering prejudice against the control of procreation, by sterilization in special cases, by methods of pressure which need not amount to actual compulsion, it will be possible to attain an increasingly firm grip on the evil elements of heredity."

A. B. WOLFE.

Oberlin College.

L'Emigration et ses Effets dans le Midi de l'Italie. By GIACOMO BARONE RUSSO. (Paris: Marcel Rivière et Cie. 1912. Pp. 225. 3.50 fr.)

In this interestingly written and carefully elaborated study, the author has presented a clear statement of the main causes which have led to the vast outward movement from Italy and of the most salient effects of this emigration upon the home country. According to Signor Russo, the primary impelling cause is economic. A large proportion of the emigrants (in Basilicata, 65 per cent) consists of peasants and agricultural laborers. Wages are low, ranging according to place and season from fifty cents to twenty-five and even twelve cents a day. "It is impossible to

live here," say many of the departing emigrants. "In our houses we live like beasts."

Against this background of the original misery of the emigrant, his low wages, his evil housing, his insufficient food, the poor soil split up into infinitesimally small holdings, the ravages of malaria, the absence of irrigation, of forests, of means of transportation—against this background, Russo throws a vivid picture of the good effects of emigration. The former abysmal misery is being alleviated; wages are rising so that "the proletarians see in emigration a resurrection and a liberation from their old slavery." With many of the objections to emigration now current in Italy, Russo has scant sympathy. True, some villages have been depopulated and Basilicata and Sicily are losing more through emigration than they are gaining through their excess of births over deaths. But this is not true of other southern regions, and in any case it is better that a population emigrate than remain where it is economically superfluous. It is claimed that emigration has cost Italy some 200,000 soldiers, but Russo believes that many of these would return if necessary to join the colors, and in any case war should not be the chief preoccupation of modern civilized nations. To the argument that lands have been deserted owing to the absence of peasants, he answers that these lands are below the margin of cultivation, and should remain uncultivated.

Everywhere Russo finds the beneficent influences of the rising flood of emigrants from Italy. He rejoices over the *grosses sommes d'argent* annually sent over from America, the vast new capitals in the savings banks of Southern Italy, the buying of small rural properties by the returned emigrants (the *Américani*), the new American markets for Italian wares, the new opportunities offered by the emigrants to the Italian merchant marine, etc. He finds the moral and political consequences equally favorable. Not the women of the emigrants but of the stay-at-homes fall into prostitution. The better economic conditions and greater refinement brought about by emigration have also led, according to Russo, to a diminution of brigandage, homicide, and acts of violence in general. The emigrant returns a better man, less narrow, wider awake, more careful of his appearance, able, perhaps, to read and write, and to speak English. He returns to build a better house than the neighboring huts in which "men, women, and beasts live in an immoral and unhygienic mélange." He takes an interest in political affairs. He brings back from America more than the mere dollars which he has earned.

While the main thesis of the book is that emigration from Southern Italy should not be hampered by any action of the Italian government, but should be protected and regulated by national laws or by an international treaty, the volume covers a wider field and presents much information (at second hand) concerning ancient, mediaeval and modern emigration, as well as sketches of British, Irish, German, Austro-Hungarian, Russian, Spanish and French emigration.

WALTER E. WEYL.

NEW BOOKS

DIEHL and MOMBERT. *Bevölkerungslehre. Ausgewählte Lesestücke zum Studium der Politischen Oekonomie*, VI. (Karlsruhe i.B.: G. Braun. 1912. Pp. 217. 2.60 m.)

GINI, C. *I fattori demografici dell'evoluzione delle nazioni*. (Torino: Bocca. 1912. Pp. 142. 4 l.)

HARDY, G. *Malthus et ses disciples*. (Paris: Génération Consciente. 1912. Pp. 48. 0.50 fr.)

HILLER, G. *Einwanderung und Kolonisation in Argentinien*. (Berlin: Dietrich Reimer. 1912. Pp. xi, 159. 5 m.)

HOURLWICH, I. S. *Immigration and labor. The economic aspects of European immigration to the United States*. (New York: Putnam's. 1912. Pp. xvii, 533. \$2.50.)

To be reviewed.

ISAACSON, F. *The Malthusian limit*. (London: Methuen. 1912. Pp. xvii, 30. 6d.)

KAREIEV, N. *La densité de la population des différentes sections de Paris pendant la Révolution*. (Paris: Champion. 1912. 2.25 fr.)

KRESSE, O. *Der Geburtenrückgang in Deutschland, seine Ursachen und die Mittel zu seiner Beseitigung*. (Berlin: J. Schwerins. 1912. Pp. 33. 0.75 m.)

LACOMBE, P. *L'appropriation du sol; essai sur le passage de la propriété collective à la propriété privée*. (Paris: Colin. 1912.)

MARCUSE, J. *Die Beschränkung der Geburtenzahl, ein Kulturproblem*. (Munich: E. Reinhardt. 1913. Pp. 151. 2.80 m.)

MONCKMEIER, W. *Die deutsche überseeische Auswanderung. Ein Beitrag zur deutschen Wanderungsgeschichte*. (Jena: Fischer. 1912. Pp. xii, 266. 9 m.)

PIQUET, V. *La colonisation française dans l'Afrique du Nord. Algérie, Tunisie, Maroc*. (Paris: Collin. 1912. Pp. x, 538. 6 fr.)

DE PISSARGEVSKY, L. *Note sur les recensements de divers pays*. (Paris: Berger-Levrault. 1912. 1 fr.)

- ROBERTS, P. *The new immigration. A study of the industrial and social life of southeastern Europeans in America.* (New York: Macmillan. 1912. Pp. xix, 386. \$1.60.)
- ROBINSON, W. J. *Practical eugenics; four means of improving the human race.* (New York: Critic and Guide Co. 1912. Pp. 93. 50c.)
- STEINHART, A. *Untersuchung zur Gebürtigkeit der deutschen Grossstadtbevölkerung.* Rechts- und staatswissenschaftliche Studien, 45. (Berlin: E. Ebering. 1912. Pp. 204. 6.50 fr.)
- VAN INGEN, P. and TAYLOR, P. E. *Infant mortality and milk stations.* (New York: N. Y. Milk Com. 1912. Pp. 176. \$1.)
- WOLF, J. *Der Geburtenrückgang. Die Rationalisierung des Sexuallebens in unserer Zeit.* (Jena: Fischer. 1912. Pp. xv, 253. 7.50 m.)
- WRIGHT, R. R. *The negro in Pennsylvania; a study in economic history.* (Philadelphia: A. M. E. Book Co. 1912. Pp. 250. \$2.)
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- *Mortality statistics 1909. 10th annual report with revised rates for intercensal years 1901-1909 based upon census of 1910.* (Washington: Census Bureau. 1912. Pp. 810. \$1.25.)
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- *Dénombrement de la population, 1911.* (Paris: Ministère de l'Intérieur. 1912. Pp. 918. 7 fr.)
- *Bayern und seine Gemeinden unter dem Einfluss der Wanderungen während der letzten 50 Jahre.* (Munich: J. Lindauer. 1912. Pp. vi, 302. 6 m.)

Social Problems and Reforms

NEW BOOKS

- BAGNELL, R. *Economic and moral aspects of the liquor business and the rights and responsibilities of the state in control thereof.* (New York: Funk & Wagnalls. 1912.)
- DEALEY, J. Q. *The family in its sociological aspects.* (Boston: Houghton Mifflin. 1912. 75c.)
- DEVINE, E. T. *The family and social work.* (New York: Association Press. 1912. Pp. 163. 60c.)
- ERNOUF-BIGNON. *Les institutions de prévoyance dans nos populations rurales.* (Paris: Amat. 1912.)
- GAMBINO, R. *Le abitazioni popolari nei riguardi economici e sociali.* (Palermo: Soc. Ed. Universitaria. 1912. Pp. 143. 3 l.)
- GIBBON, J. G. *Medical benefit. A study of the experience of Germany and Denmark.* (New York: Dutton. 1912. Pp. xv, 296. 6s.)
- GILLETTE, J. M. *Constructive rural sociology.* (New York: Sturgis & Walton. 1912. \$2.)

GILMAN, C. P. *Women and economics*. New edition. (New York: Putnam. 1912.)

HARPER, J. W. *Christian ethics and social progress*. (London: Nisbet. 1912. 5s.)

KAUFFMAN, R. and R. W. *The latter-day saints. A study of the Mormons in the light of economic conditions*. (London: Williams and Norgate. 1912. Pp. viii, 362. 10s. 6d.)

LUSK, H. H. *Social welfare in New Zealand. The results of twenty years of social legislation, and its significance for the United States and other countries*. (New York: Sturgis & Walton. 1912.)

MCCULLOCH, J. E., editor. *The call of the new South; addresses delivered at the Southern Sociological Congress, Nashville, Tennessee, May 7 to 10, 1912*. (Nashville: Southern Sociological Congress. 1912. Pp. 387.)

McMAHON, T. S. *Women in economic evolution or the effect of industrial changes upon the status of women*. Bulletin of the University of Wisconsin, 496. (Madison. 1912. Pp. 131. 25c.)

A thesis presented for the degree of doctor of philosophy in the University of Wisconsin. Treats of effects of industrial changes upon the homes of the working poor, the homes of the middle class, home industry among professional classes, upon marriage, birth-rate, and divorce rate. There is a bibliography of 6 pages.

METCALF, H. C. *Industrial and social justice; trial outline and bibliography*. (Tufts College, Mass.: The Tufts College Press. 1912. Pp. 12. 30c.)

OPIE, C. J. *Land and housing reform*. (London: W. H. Smith. 1912. 4d.)

PEABODY, F. G. *The approach to the social question*. (New York: Macmillan. Pp. 7, 210. 50c.)

ROSS, J. E. *Consumers and wage-earners; the ethics of buying cheap*. (New York: Devin-Adair Co. 1912. Pp. 5, 3, 139. \$1.)

TALBOT, M. and BRECKINRIDGE, S. P. *The modern household*. (Boston: Whitcomb & Barrows. 1912. Pp. viii, 93. \$1.)

Suggestions in regard to personal and household expenditure. Questions for students; and brief bibliographies.

VITA, A. *L'incremento sociale dei valori nella politica dei paesi poveri*. (Florence: Seeber. 1912. Pp. 260. 8 l.)

WALLIS, R. *Back to the source. A suggestion founded on the recommendations of the Royal Commission on the Poor Lawes (1908) respecting rescue work*. (London: King. 1912. 6d.)

Minority Report of the Divorce Commission. (London: Longmans. 1912. Pp. 31.)

Carola Woerishoffer. *Her life and work*. (Published by the Class of 1907 of Vassar College. 1912. Pp. 137.)

A sketch of the brief term of service of one who gave herself with definite purpose, splendid courage, and unusual equipment to the work of improving social conditions in New York city. Her achievement was particularly marked in the Congestion Exhibit of 1908, the shirt waist strike and the laundry investigation of 1909.

Organization for social work. Proceedings, Vol. II, No. 4. (New York: The Academy of Political Science. 1912. Pp. iv, 236. \$1.50.)

Addresses and articles on social survey and social needs, by recognized experts.

Report of the American Federation of Labor Committee on Industrial Education. (Washington: Sen. Doc. 936, 62 Cong., 2 Sess. 1912. Pp. 114. 10s.)

Recueil de documents sur les retraites ouvrières et paysannes. (Paris: Berger-Levrault. 1912. 1.50 fr.)

Insurance and Pensions

The Business of Insurance. A Textbook and Reference Work Covering All Lines of Insurance. Written by eighty experts. Compiled and edited by HOWARD P. DUNHAM. In three volumes. (New York: The Ronald Press Company. 1912. Pp. xvi, 520; viii, 553; viii, 478.)

A collection of information on insurance is decidedly well worth making at this stage of insurance education. Some few articles have been specially written and there are addresses and essays by such well-known authorities as Edward R. Hardy, Frederick C. Moore, Levi G. Fouse, Robert Lynn Cox, Miles M. Dawson, and Frederick G. Hoffman.

Volume I is devoted to Fire and Life Insurance; volume II, to Accident Insurance, Liability Insurance and Special Insurance; and volume III includes a discussion of general topics—supervision of companies, office organization and insurance investments—together with sample forms of policies. Students of insurance will probably find volume II, parts V and VI, most valuable. In part V are excellent chapters, each written by a specialist, on premium rates, statistics and reserves, liability insurance by the state, and the historical development of liability insurance. Other chapters discuss settlement of losses, home office and agency management. Part VI is devoted to special forms of insurance, such as burglary, automobile, credit, fly-wheel, plate-glass, title, and surety insurance. At the close of each chapter is a very good bibliography and an excellent index. The bibliography is, however, confined almost wholly to works in English.

The work has the merit or defect, according to the particular reader, of having been written almost wholly from the viewpoint of the practical insurance man. Like most compilations, it lacks logical sequence; and a proper distribution of emphasis, at least for textbook purpose, is often lacking. It certainly will not be found "a comprehensive and authoritative textbook." However, it is a very valuable reference book and as such should be accessible to all students of insurance.

W. F. GEPHART.

Ohio State University.

Factory Mutual Insurance. The Achievements of Seventy-five Years. Compiled by EDWARD V. FRENCH. (Boston: The Arkwright Mutual Fire Insurance Company. 1912. Pp. 123.)

The origin, development, and the method of operation of the factory mutual system of insurance are described in this volume. The Arkwright organization was formed in 1835 at Providence, Rhode Island, and first insured textile factories, but later included other kinds of manufacturing establishments. The early mutual companies adopted the principle of controlling fire hazard by studying its causes and insisting that each member of the association adopt certain methods of construction and protection, thus obviously excluding large numbers of factories. The mutuals pay no commissions and have no agents as such. A premium based upon the past insurance cost is charged and at the close of the year any excess is returned. In the Arkwright Company during the past fifty years 48 per cent of the premium deposit has been returned. Prevention and not indemnification is the underlying note of the factory mutual companies.

W. F. G.

NEW BOOKS

FURST, A. *Die reichsrechtlichen Arbeiterkrankenkassen in Deutschland und England.* (Berlin: Puttkammer & Mühlbrecht. 1912. Pp. xvi, 165. 3.60 m.)

HENDERSON, C. R. *Industrial insurance in the United States.* Second edition. (Chicago: The University of Chicago Press. 1912. Pp. x, 454. \$2.)

For this second edition the author has added a few new tables, several titles to the bibliography, and two appendices containing the compensation acts passed by the New York legislature in 1910; but

the revision was made too soon to enable him to note that one of these laws has been declared unconstitutional by the New York Court of Appeals, and that the other is a dead letter because practically no employees have chosen to accept its provisions. Moreover, the work was brought out just before the adoption of real compensation or insurance acts by fourteen other states, and does not adequately represent the stage of progress attained even at the date of its publication. It is, therefore, unfortunate that publication should not have been delayed a little longer. Much that the book contains, however, is of permanent value, even though the illustrative material has to such a large extent become obsolete.

C. W. D.

HENDERSON, T. J. *Life insurance salesmanship*. (New York: The Spectator Co. 1912. Pp. xiii, 133. \$1.)

IRANYI, B. *Die Geschäfts-Resultate der österreichischen-ungarischen Lebensversicherungs-Gesellschaften und der ausländischen Lebensversicherungs-Gesellschaften in Oesterreich-Ungarn im Jahre 1911. 36 Jahrgang*. (Vienna: J. Eisenstein & Co. 1912. Pp. 24. 1.25 m.)

LOVAT-FRASER, J. A. *The national insurance act 1911. With introduction and notes*. (London: Waterlow & Sons. 1912. 5s.)

MOIR, H. *Life assurance primer; a text-book dealing with the practice and mathematics of life insurance, for advanced schools, colleges, and universities*. Third edition, revised and enlarged. (New York: Spectator Co. 1912. Pp. vii, 230. \$2.)

NASH, W. T. *The monthly income policy: its advantages and how to present them*. (New York: Spectator Co. 1912. Pp. vi, 40. 30c.)

ROBERTSON, W. A. and ROSS, F. A. *Actuarial theory. Notes for students on the subject-matter required in the second examinations of the Institute of Actuaries and the Faculty of Actuaries in Scotland, with numerous practical examples and exercises*. (London: Oliver and Boyd. 1912. Pp. 432, xxiv. 1s. 6d.)

ROBERTSON, W. A. *Insurance as a means of investment*. (London: Jack. 1912. 6d.)

WILLEY, N. *Principles and practice of life assurance. New and extended tables based on the American and combined experience mortality tables*. New explanatory text and additions by HENRY MOIR. Eighth edition. (New York: Spectator Co. 1912. Pp. 531. \$10.)

VON ZWIEDINECK-SUDENHORST, O. *Arbeiterschutz und arbeiterversicherung*. Second edition. (Leipzig: B. G. Teubner. 1912. Pp. 143. 1.25 m.)

Mortality of government life annuitants. Report of the actuary of the National Debt Office, with graduated tables of experience. (London: King. 1912. Pp. 298. 7d.)

National insurance. Official representations by the British Medical Association regarding the administration of medical benefit, and the reply of the joint committee thereto (6328. 2d.). *Employment under the Crown. Second report of inter-departmental committee* (6315. 1d.). *Constitution of insurance committees. Form of orders made under section 78* (6349. 1d.). *Time for joining the approved society. Regulations* (259. 1d.). *Sanatorium benefit, etc. Order, 1912* (6358. 1d.). *Contributions of admiralty and army council in respect of seamen, marines and soldiers. Regulations* (238. 1d.). (London: King. 1912.)

National insurance act (Part II). Unemployment insurance. Decisions given by the umpire. Vol. I. Up to and including those published in "The Board of Trade Journal" for 15th August, 1912, with Index. (London: Wyman. 1912. 8d.)

Pauperism and Charities

NEW BOOKS

ALLEN, W. H. *Modern philanthropy; a study of efficient appealing and giving.* (New York: Dodd, Mead. 1912. Pp. 16, 437. \$1.50.)

FELIX, M. *L'assistance-retraite aux vieillards de 65 à 69 ans.* (Paris: Rousseau. 1912. Pp. 150. 3.50 fr.)

GOURIVAUD and VERGNOLLE. *Le domicile de secours en matière d'assistance publique.* (Limoges: Bureau à la Préfecture de la Haute-Vienne. 1912.)

HUNTER, H. *Problems of poverty. Selections from the economic and social writings of Thomas Chalmers.* (London: Nelson. 1912. Pp. 380. 1s.)

LALLEMAND, L. *Histoire de la charité. Vol. IV. Les temps modernes.* (Paris: Picard. 1912.)

MARBURG, J. *Die sozialökonomischen Grundlagen der englischen Armenpolitik im ersten Drittel des 19. Jahrhundert.* (Karlsruhe: G. Braun. 1912. 2 m.)

RAMBAUD, P. *L'assistance publique à Poitiers jusqu'à l'an V. Vol. I. L'assistance au moyen âge. La dominicale. La lutte contre la mendicité et le vagabondage.* (Paris: Champion. 1912. Pp. 663. 15 fr.)

Official report of the proceedings of the second national conference on the prevention of destitution. (London: King. 1912. 10s. 6d.)

Socialism and Co-operative Enterprises

Principles and Methods of Municipal Trading. By DOUGLAS KNOOP. (New York: The Macmillan Company. 1912. Pp. xvii, 409. \$3.25.)

The scope, development, extent, management, and financial aspects of municipal trading constitute the first five chapters of

this book; selling policies are described at considerable length in chapter 6 under the head of water, gas, electricity, and tramway undertakings. Chapter 7 deals with the labor policy of municipal trades, and chapter 8 with the results of municipal trading, especially in England and Germany, while chapter 9 gives a good summary of the preceding chapters. This is followed by ten pages of appendices, including a bibliographical note, a list of municipal tramway undertakings in the United Kingdom, two statistical tables, and a good index.

While a great deal of undigested material has been issued upon the subject of municipal trading in the form of statistics, pamphlets and chapters in general works, there are few, if any, comprehensive treatises upon the subject such as this is, and for this reason the work commands attention, although the author's investigations are confined largely to Great Britain with rather incidental comparisons with Germany.

In general the functions of local government, according to the author, are either political or economic: they are political when the services rendered are in part or wholly for the common good and paid for out of funds provided by taxation; they are economic when performed primarily for the benefit of the individual members of the community, not for the community as a whole, and are paid for by the consumers. Now, where a local authority undertakes an economic enterprise the cost of which is met entirely from the receipts obtained by the sale of the product or the service in question, "a trading enterprise clearly exists, and the undertaking of such an enterprise by a local authority is described as municipal trading, whether the local authority be technically a municipality or not and whether the receipts of the undertaking are actually sufficient to meet the total expenditure or not." Either of two general policies may be pursued. The trading enterprise may be managed on a self-supporting basis or it may be subsidized from rates, for sanitary or other reasons. In the choice of policy it is necessary to consider: Is the undertaking suitable for management by a local authority? Is it administered on a sound financial basis? Is the selling policy equitable? What is the relation of the management to the workers? Is the scheme of management the best that can be devised?

Some of the more significant conclusions are: that the policy of municipal trading has, with few exceptions, been planned with little or no scientific attention from local authorities; that the

results in Germany are more satisfactory than in England; that unsatisfactory results are largely due to incompetent, low-salaried officials who curry favor with the present voters rather than plan for future welfare; that municipal trading in itself is undesirable and should not be engaged in unless it is clearly established that private management would give less satisfactory results.

Obviously the work is written from the *laissez faire* point of view and a more extended study of German municipal trading, which in many instances has been highly satisfactory, might have led the author to different conclusions in some particulars, but this is frankly admitted (p. 387). On the whole, the work is a careful examination and critical analysis of the subject and the conclusions seem warranted and justified by an array of facts thoroughly mastered and well handled. The style is somewhat prolix, which may be excused because of the complexity of the subject, involving as it does many relations and close discriminations.

KARL F. GEISER.

Individualism and the Land Question. By SIR ROLAND K. WILSON, J. H. LEVY, and others. (London: The Personal Rights Association. 1912. Pp. 120. 1s.)

Taxation and Anarchism. By AUBERON HERBERT and J. H. LEVY. (London: The Personal Rights Association. 1912. Pp. 72. 1s.)

In the former book Sir Roland Wilson opens an interesting debate on the nationalization of land, proposing that the state convert all existing freehold and copyhold estates into rent-free leaseholds for fifty years. Mr. J. H. Levy, who discussed the question years ago with John Stuart Mill and who advocated the municipalization of land before the time of Henry George, spoke in opposition to the scheme as savoring of socialism. Mr. Levy's own proposal involves the creation of a Land Redemption Fund out of intestate estates, obsolete endowments, and the gifts and bequests of patriotic landowners. Both of the chief debaters strongly opposed the single tax of Henry George, favoring compensation of some kind, while Mr. Greevz Fysher, Mr. Evershed and the other debaters, all individualists, opposed the nationalization of land altogether, as involving a restriction of liberty.

The latter book contains the letters of Mr. Levy and Mr.

Herbert in their controversy on compulsory taxation. Mr. Levy, though a pronounced individualist, defends compulsory taxation and classes Mr. Herbert as an anarchist because he held that all public revenue should be derived from voluntary contributions. Both books are well worth reading.

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NEW BOOKS

- BEBEL, A. *My life*. (London: Unwin. 1912. Pp. 344. 7s. 6d.)
- CANTONO, A. *Storia del socialismo italiano*. (Torino: Lib. Ed. Internazionale. 1912. Pp. 88. 1.20 l.)
- DI CARLO, E. *Della filosofia della storia di Ferdinando Lassalle*. (Palermo: A. Trimarchi. 1911. Pp. 34. 1 l.)
- GARRIGUET, L. *L'évolution actuelle du socialisme en France*. (Paris: Bloud & Cie. 1912. 2.50 fr.)
- HUTCHINS, B. L. *Robert Owen, social reformer*. Fabian biographical series, 2. Tract No. 166. (London: Fabian Society. 1912.)
- HYNDMAN, H. M. *Further reminiscences*. (London: Macmillan. 1912. 15s.)
- METLAKE, G. *Christian social reform. Program outlined by its pioneer, William Emmanuel Baron von Ketteler, Bishop of Mainz*. (Philadelphia: Dolphin Press. 1912. Pp. 4, 246. \$1.50.)
- OPPENHEIMER, F. *Die soziale Frage und der Sozialismus*. (Jena: Fischer. 1912. 1.20 m.)
- ORTH, S. P. *Socialism and democracy in Europe*. (New York: Holt. \$1.35.)
- PAECH, E. *Die wirtschaftliche Bedeutung des kleingewerblichen Genossenschaftswesens. Eine sozialwissenschaftliche Studie*. (Halle: E. Anton. 1912. Pp. iv, 124. 3.50 m.)
- THOMPSON, C. D., editor. *Socialist campaign book*. (Chicago: National Headquarters Socialist Party. 1912. Pp. 352.)
- TREVISONNO, N. *Socialismo e sindacalismo*. (Rome: B. Lux. 1912. Pp. iv, 177. 2 l.)
- VANDERVELDE, E. *La coopération neutre et la coopération socialiste*. (Paris: Alcan. 1912. Pp. 227. 3.50 fr.)
- A history of the relation between socialism and coöperation from the time of Buchez and Robert Owen down to the international socialist congress at Copenhagen and the international coöperative congress at Hamburg in 1910.
- VAUGHAN, B. *Socialism from the Christian standpoint: ten conferences*. (New York: Macmillan. 1912. Pp. 389. \$1.50.)

WARWICK, WELLS, and TAYLOR. *The great state*. (New York: Harper. 1912. Pp. 379.)

Report on profit-sharing and labour co-partnership in the United Kingdom. (London: Board of Trade, Labour Dept. 1912. Pp. 160. 8½d.)

Statistics and Its Methods

La Distribuzione dei Redditi nelle Provincie e nelle Grandi Città dell'Austria. By FRANCO SAVORGAN. (Triest: Museo Commerciale. 1912.)

Despite the unsatisfactory fiscal results of the income tax established in Austria in 1896, the administration of the tax has yielded an unusually valuable body of statistical data relating to the distribution of wealth. The tax is a direct levy upon all incomes of more than 2,000 crowns. Progressive improvements in its administration have greatly increased the number of taxpayers, but there is nothing in the general trend of the changes thus introduced in the statistics yielded by the tax that indicates that evasions of the tax are distributed either geographically or among various economic classes in other than a fairly random fashion.

The statistics for the period from 1896 to 1904 have been surveyed in some detail by F. Leiter (*Die Verteilung des Einkommens in Oesterreich*. Vienna; 1907). Pareto's income curve has been fitted to the figures for the year 1899 by M. Pierre des Essars (*Journal de la Société de Statistique de Paris*, XLIII, 222-225). The latest study is the title noted above, by Professor Franco Savorgnan of the High School of Commerce of Triest. Savorgnan's work is given an especial interest by his use of the index of the inequality of the distribution of incomes recently devised by Corrado Gini (*Indici di Concentrazione e di Dipendenza*, in *Biblioteca dell'Economisti*, series V, vol. XX, 1910).

Gini's index may be readily understood by comparing it with the well-known index of Pareto. If n be taken to represent the number of persons whose income is greater than x , and if the sum of the incomes individually greater than x is represented by S , Pareto's equation will read, $\log n = \log A - \alpha \log x$, and Gini's will read, $\log n = \delta \log S - \log K$, where α , δ , A , and K are constants derived from the given statistics. Pareto assumes that n is an algebraic function of x , the limiting income, while Gini makes n an algebraic function of S , the total amount of the in-

comes individually larger than the specified limit. Gini's index of the inequality of the distribution of incomes is the constant δ , which, like Pareto's α , measures the slope of the straight line which is the graph of the equation. Pareto's index measures in a general way the rate at which income receivers thin out as we pass from the lower to the higher income groups. Gini's index measures in a similarly general fashion the rate at which the number of income receivers increases as, shifting the lower limit of the incomes considered from the maximum toward the minimum, we bring under our survey successively larger portions of the total amount of incomes.

Although α is supposed to be used as a measure of "inequality" in the distribution of incomes, it is clear that (through an increase both in the size of the largest incomes and in the relative numbers of the receivers of large incomes) a massing of a larger percentage of the total income in the hands of a few income receivers may be accompanied by a decreasing value of α . Even without an increase in the size of large incomes, a smaller value of α may often result from what would generally be deemed an increased concentration of wealth. Gini's index, however, is larger or smaller according as what in the generally accepted usage is inequality in the distribution of incomes is larger or smaller. Pareto's index is really a measure of the unevenness with which income receivers are distributed over the existing income range—whatever this range may happen to be. Gini's δ , on the other hand, indicates the inequality in the numbers of the income receivers who get the various aliquot parts of the total income. Moreover, δ has the further advantage that it approaches unity as the distribution of incomes approaches absolute uniformity and that Gini's equation fits the general run of income statistics more accurately than does Pareto's.

For Austria as a whole Savorgnan finds the following values of δ : 1898, 2.79; 1904, 2.70; 1908, 2.79. Among the provinces the inequality of income distribution is greatest in Lower Austria (3.29 in 1908), Voralberg (2.76), Silesia (2.59), and Bohemia (2.58). The distribution is least unequal in Dalmatia (1.91) and Tyrol (2.13). Incomes are classified in the published statistics under six heads, according to source and nature, but there does not seem to be any marked correlation between the dominance of particular kinds of income in a province and its ranking as regards the inequality of incomes. It is clear, however, that the provinces

in which the concentration of incomes is most marked are those in which the average income is highest and in which industry and commerce are most highly developed. In most of the larger cities, concentration is greater than in the other districts of the respective provinces. In Vienna the value of δ for 1908 was 3.44.

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NEW BOOKS

DRYSDALE, C. V. *Diagrams of international vital statistics. With description in English and Esperanto. Together with a table of correlation, co-efficients between birth and death rates, etc.* (London: Bell. 1912. 6d.)

KAUFMANN, A. *Lehrbuch der Statistik.* (Tübingen: J. C. B. Mohr. 1912.)

SIGERUS, A. *Handelsbetriebsstatistik.* (Leipzig: B. G. Teubner. 1912.)

ZIZEK, F. *Soziologie und Statistik.* (Leipzig: Duncker und Humblot. 1912. Pp. 46. 1.50 m.)

Infant mortality. Report of the special committee appointed by the council of the Royal Statistical Society to enquire into the systems adopted in different countries for the registration of births (including stillbirths) and deaths with reference to infantile mortality. (London: Royal Statistical Society. 1912. Pp. 61. 1s.)

A questionnaire was sent to 133 registration officers in various countries, states, and provinces, and replies were received from 103. Contains a brief sketch of the history of registration followed by a discussion of practice, treatment of stillbirths, and statistical methods. This is a most convenient report and especially valuable to the student of vital statistics.

Official year book of the Commonwealth of Australia containing authoritative statistics for the period 1901-1911 and corrected statistics for the period 1788 to 1900. (Melbourne: Commonwealth Bureau of Census and Statistics. 1912. Pp. xl, 1277.)

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

Of the eleven volumes of reports of the thirteenth census, vol. 9, dealing with manufactures by states and cities, is the first to be published (Washington, 1912, pp. 1404). This is simply a combination of the several state bulletins already published.

Special emphasis is laid in the *Report of the Secretary of the Interior, 1912*, on the need of a definite and comprehensive water-power policy (pp. 16-23). This document also contains a review of the decade of national irrigation work under the Newlands act of 1902 (pp. 25-32).

It is announced that the statistical work of the American Iron and Steel Corporation, hitherto carried on by Mr. James M. Swank, will be transferred to the American Iron and Steel Institute. Mr. Swank retires from active work after a service of forty years, and Mr. William G. Gray will become the responsible head of this branch of the Institute's service.

The *Report of the Proceedings of the Seventh International Congress of Dry Farming*, held at Lethbridge, Alberta, October 21-25, 1912, may be had upon application to Mr. John T. Burns, executive secretary-treasurer, Oklahoma City, Oklahoma.

Circular No. 163, issued by the Agricultural Experiment Station of Illinois, is devoted to a brief statistical study of the relation of the United States to the world's beef supply (Urbana, July, 1912, pp. 11). There are charts showing, for different countries, cattle per capita, cattle per square mile, and exports of beef and cattle from the United States.

A pamphlet on *Bolivia*, prepared by the Bolivian Legation, may be had of the Pan American Union (pp. 72). A map with a considerable amount of statistical material dealing with the Argentine Republic in 1911 has been prepared by Dr. Peña and may be had upon application (Comité Argentino, Buenos Ayres, Florida, 753).

The International Institute of Agriculture (Rome) has published its first year book, *Annuaire Nationale der Statistique Agricole, 1910* (1912, pp. 324). For the first time comparative statistics are presented for a large number of countries, with uniform denominations of measure and weight. The volume, for fifty countries, reports upon the area and population of each, the distribution into productive

and non-productive areas, and the distribution of productive areas into the seven categories of arable lands, pastures and meadows, vineyards, gardens, orchards and other crops, woods and forests, and marsh, heath and waste lands. The statistics cover the decennial period 1901-1910.

Corporations

The Report of the Investigation of the Chicago Telephone Company, submitted to the Committee on Gas, Oil and Electric Light, by Edward W. Bemis (Chicago, 1912, pp. 127), is based upon a detailed appraisal of the physical property of the Chicago Telephone Company. The records of this appraisal fill ten typewritten volumes, and were made by a force of 160 men working for about a year, plus 60 men working for an additional two months, at a total cost of a round quarter of a million dollars.

The appraisers proceeded upon the theory that the true value of the plant was its total cost of reproduction new, less depreciation. This appraisal gave a total reproduction value new of the physical property within the city of Chicago amounting to \$31,325,894. To this sum was added \$564,636 for plant development expense and \$4,753,998 for cost of developing business. Professor Bemis disallowed the latter items, contending that, whether called for or not by the theory of valuation upon the basis of cost of reproduction, they did not represent expenses actually incurred or were amply covered by accrued profits. He then made a critical examination of the appraisal of the physical property, and concluded that items amounting to \$2,065,947 should be rejected. His final conclusion was that reductions of rates calculated to reduce the reported income of the company by \$700,000, that is a trifle less than 7 per cent of the gross receipts for 1911, were warranted by the evidence.

The significance of this report to the economist lies in the evidence it affords concerning the merits of the theory of cost of reproduction as a method for the valuation of public utilities. Professor Bemis deliberately rejects this theory as applied to certain details of the valuation, and casts some doubt upon its soundness in principle. The report is printed for distribution.

A. N. HOLCOMBE.

Reference was made in the last number of the *REVIEW* (vol. II, p. 964) to the work of the Department of the National Civic Federation on Regulation of Utilities (1 Madison Ave., New York). Additional pamphlets have been issued in two groups. The first repre-

sents parts of a compilation and analysis of public utility regulation laws of the United States on the following subjects:

Basis of Rate Making (pp. 43);

Regulation of Intercorporate Relations (pp. 17);

Regulation of Accounting Practices (pp. 32);

Publicity of Rates (pp. 62);

Franchises (pp. 42);

Regulation of Stock and Bond Issues (pp. 57).

Another series deals with the drafting of a model public utilities bill. This investigation promises to be of exceptional value, for it deals with actual conditions and laws. The inquiry has been extended to England, with particular reference to the sliding-scale principle, the regulation of capitalization, public audit, and methods of selling stock at auction.

President Percival S. Hill, of the American Tobacco Company (111 Fifth Ave., New York), has issued a typewritten statement under date of November 18, 1912, discussing the new competitive conditions created under the dissolution decree of the United States Circuit Court. A reason is given for the rise in price of the subsidiary stock. There is also an interesting explanation why price cutting in the tobacco industry does not increase the volume of manufacturing business.

The Harbor and Subway Commission of Chicago has published a *Supplemental Report on a Comprehensive System of Passenger Subways* (No. 30, 1912, pp. 24), in which the criticisms of its former recommendations are analyzed and answered. There is a chart to illustrate the "rush hour" traffic.

The Railway Business Association has reprinted two of the addresses delivered at its annual dinner, Dec. 19, 1912: "The Country's Need of Greater Railway Facilities and Terminals," by James J. Hill (pp. 15) and "The Canadian Method of Preventing Strikes and Lockouts," by W. L. Mackenzie King (pp. 20).

The Stone and Webster Public Service Corporation (Boston), has issued a separate reprint of "Valuation of Public Service Properties," by L. R. Nash, originally published in the October, 1912, issue of the journal published by this corporation.

Prompted by the recent controversy over the operations of the New York, New Haven and Hartford Railroad, the Board of Railroad Commissioners of Massachusetts, in its annual report for 1912,

enters into a general discussion of railroad policy and the position to be taken by the state (pp. 73-89).

The Bureau of Railway Economics, in Bulletin No. 39, makes a study of *Comparison of Capital Values: Agriculture, Manufactures and Railways* (Washington, pp. 38). Census figures for 1910 are utilized.

On October 23, 1912, the Railroad Commission of the State of California adopted uniform and compulsory systems of accounting for the gas, water, and electric corporations operating in the state and coming under the jurisdiction of the commission (*Uniform Classification of Accounts for Gas Corporations Prescribed by the Railroad Commission of the State of California. Adopted October 23, 1912. Effective January 1, 1913. For Electric Corporations. For Water Corporations*, pp. 63, 69, 54). Each classification is in accordance with section 44 of the law of 1911, known as the Public Utilities Act, and went into effect on January 1, 1913. The general plan of classification is the same for all three classes of corporations, providing in each case (1) balance sheet accounts, including such asset, liability, capital stock and surplus accounts as are usually placed in the general ledger and balance sheet; (2) detailed property or plant accounts; (3) the general income accounts which are necessary for a periodical revenue and expense statement; (4) corporate surplus or deficit accounts; (5) detailed revenue accounts; (6) detailed expense accounts, and (7) so-called clearing accounts. The accounts under 1, 3, 4, and 7 are practically the same in all three classifications, while those under 2, 5, and 6 differ a great deal. Thus a high degree of uniformity is secured between the accounts of all three kinds of corporations, without preventing special adaptations to the particular kind of business. On the whole, the classifications are admirably worked out. But there is one serious oversight: no provision is made to show functional costs—the costs per unit of service—which perhaps would furnish even more useful information than will the detailed expense accounts that are provided.

J. BAUER.

Labor

FEDERAL WORKMEN'S COMPENSATION. The workmen's compensation law affecting certain employees of the United States government has been in operation for several years, but despite the great public interest in the general subject very little attention has been directed toward it. The *Opinions of the Solicitor for the Department of Com-*

merce and Labor dealing with Workmen's Compensation (Washington, 1912, pp. 646) will be of great assistance to those engaged in administering similar acts in the various states. The volume also contains the opinions of the Attorney General and the decisions of the Comptroller of the Treasury. The report covers a period of four years ending August first, 1912.

The act of May 30, 1908, grants compensation to artisans and laborers employed by the United States who receive, in the course of their employment, injuries not caused by their negligence or misconduct, the effect of which lasts more than fifteen days. It applies to employment in "manufacturing establishments, arsenals or navy yards, or in the construction of river and harbor or fortification works or in hazardous employment on construction work in the reclamation of arid lands . . . or in hazardous employment under the Isthmian Canal Commission." The act has been extended by amendment to cover all employees of the Canal Commission and all employees engaged in hazardous work under the Bureau of Mines, the Forestry Service, and the Lighthouse Service. The Secretary of Commerce and Labor is entrusted with the administration of the act except as to the employees of the Isthmian Commission who, since the amendment of March 4, 1911, have been under the charge of the chairman of that commission. The amount of compensation is limited to one year's pay; if the employee is killed his dependents receive this amount.

The laws now in force in many states are all more liberal than the Act of Congress, but many questions similar to those which will arise under them have been considered by the Solicitor in construing the United States law. The limits of this review will allow us to consider only one feature of the law. The act of May 30, 1908, differs in phraseology from the English law in one important particular. Under that law the employer is liable for injuries due to accidents "arising out of and in the course of" the employment. The United States law covers all injuries received "in the course of" the employment. The Solicitor points out that the United States law is broader than the English law (p. 232) and covers injuries received while at work though they may not be due to the prosecution of that work. The distinction is a fundamental one. The object of the new laws has been to redistribute the burden of industrial injuries. Under the old law of liability a large part of the burden fell on the injured employees themselves. This was considered unfair and an attempt has been made to impose on industry the burden of injuries due to its

operation. Under this scheme those injuries only should be compensated by the industry which are caused by it. There is no more reason for including an injury received by a man while at work which was not caused by his employment than for including an injury received by that man while at home.

The laws of many of the states are the same in phraseology as the English law, but in several of them the wording is similar to the United States law. Under that law, as construed by the Solicitor, all injuries, though not caused by the employment, are to be compensated provided they were received while the employee was at work. In these states, therefore, industry will be burdened by the cost of injuries not caused by its operations.

A careful consideration of the able opinions contained in this volume shows clearly the narrow scope of the act: it applies to a small portion only of the government service; the amount of compensation is limited to one year's pay; there is no provision for medical attendance; the employee receives no compensation if the injury is due to his negligence. The rulings of the Solicitor on this last point have been liberal, but it is a part of the law which might, under a technical interpretation, prevent the allowance of meritorious claims.

The act even with its limitations represents an advance over the former law. It has greatly benefited the government employees covered by it (p. 11). The Secretary of Commerce and Labor considers it to be a good law and has advised that its provisions be extended. It is to be hoped that the Congress will act on his suggestion.

JAMES A. LOWELL.

STATE INDUSTRIAL INSURANCE IN WASHINGTON. To the voluminous account of the first year's operation of the Washington workmen's compensation act (*First Annual Report of the Industrial Insurance Department. For the Twelve Months Ending September 30, 1912*, Olympia, 1912, pp. 516) much interest attaches, for the act is from various points of view remarkable. Alone among American acts it is compulsory—compulsory upon all employers in the extra-hazardous trades. With only one other state it shares the distinction of providing a state insurance system; more exactly, in the phrase of the report, "state administration of collective funds." It makes little attempt to relate the awards payable to the rates of wages of the injured or deceased workmen. There is generally no limitation of the period of award to three years or six years as is common in other acts. Payments, sometimes commutable to lump sums, may endure as long

as the consequences of the accident endure. Widows may draw pensions till they die; no other state so provides. The reserve for pension cases is limited to \$4,000, but there is no other limitation on the amount payable. The criticism has been made that the Washington act, not measuring awards by wages, is essentially a poor-relief system; but the criticism is pointless since all modern compensation acts rest first of all upon a desire to deal comprehensively and adequately with a blameless kind of dependency. The Washington act has emerged successfully from the purgatory of the courts. Assailed as unconstitutional on four grounds it was held by the state supreme court to violate "no provision of either the state or federal constitutions,"¹ the previous decision of the New York court notwithstanding.

Indications are that this complicated law has well approved itself in its first twelve months. The various hazardous trades are grouped by classes, and percentages of the pay-rolls are levied as premiums; the percentages vary from 1.5 per cent as in cordage establishments to 10 per cent in powder works. The "accident fund" is composed of forty-seven different parts, no one of which is liable for a depletion of the fund from accidents happening in any other class. Class 10, including operation and repair work in connection with "logging; saw mills; shingle mills; lath mills; masts and spars with or without machinery," is found to be particularly large, comprising 42,164 of the 138,084 employees protected last year. In this class were 46 per cent of the 279 fatal accidents. Of all workmen killed, nearly half were foreigners. Total accidents reported were 11,896. Claims fully and finally awarded were 6,356; rejected were 378. Twenty-five days' disability were averaged. Claims suspended were 1900, chiefly because the workmen, their injuries being trivial, had not themselves presented claims; but partly because claimants could not be located. In 150 pages of the report are reproduced by classes of risk, the names of all contributors to the fund and their respective payments, claims, and awards.

The administrative costs of the system have not exceeded expectations and have not been, as such costs go, high. The legislature had appropriated \$150,000 for twenty-two months' expenses. The theory, be it recalled, is that every dollar collected from employers should go for compensation. In the first sixteen months—four of organization, twelve of operation—the actual expense fell slightly (by \$1200) under the allowable average. Expenses consumed 9.9 per cent of income. The remaining 90.1 per cent were the sums, totalling \$980,445,

¹ *State ex rel. Davis-Smith Co. vs. Clausen, State Auditor*, 65 Wash., 156.

collected from employers. Claims paid were 40.9 per cent of income; the reserve fund for the continuing pensions was 22.4 per cent; cash in the fund was 26.8 per cent. Beyond doubt the expense rate has been kept commendably low, yet the comparison made by the report with the German rate of 12.8 per cent is not at all appropriate, because of the unreckoned differences of the systems. The expense rate was in part kept low by the successful avoidance of the costly intercession of professional claim experts. This was accomplished by securing the facts about accidents from workmen, employers, and physicians, each on different elaborate forms, and then by a process of cross-checking. In passing be it said that inserted samples of these and other forms are an interesting adjunct of the report. The commission has made investments of reserve funds in public bonds yielding 5 per cent to 6 per cent, and averaging 5.156 per cent, a fortunate return hardly possible in the East.

Although accidents were reported for 12,000 persons, "a surprisingly small number give any evidence of an attempt to either deceive the compensating board or obtain money by false pretenses." The aid of an expert railroad-claims investigator was utilized when fraud or malingering was suspected. No suits for fraud were filed. But 43 suits were filed against defaulting employers for premiums due. The extraordinarily small number (21) of appeals from compensation decisions "is due to the short period allowed for appeals, the unfamiliarity of claimants and attorneys with the procedure for appeal, the certainty and rigidity of the award schedules and the state-wide disposition to give the law a fair test in practice, even though numerous claimants have been silently dissatisfied with the amount awarded by the commission."

To the recommendations of the commissioners special interest attaches since initially all compensation acts are experimental. They urge that no general increase in the scale of awards be made. Though scarcely any other state pays so liberally, the Washington Federation of Labor had asked for an increase. But for special classes an increase is recommended: for the dependents of minor workmen, for workmen totally disabled permanently; for widows with children. In the last case the maximum award should be increased from \$35 to \$45 per month to apply to families where there are a number of small children. By these three recommendations the relief character of the act is, wisely enough, further emphasized.

It is recommended that casual employers in construction work be required under penalty to notify the commission of their work at its

beginning. Elsewhere the report had dwelt on the distressing difficulty experienced in reaching casual employers; the present recommendation merely grazes the problem. It is proposed that the inspection "of dangerous machinery and agencies and of conditions conducive to accidents, including boilers and logging operations" be placed under the jurisdiction of the commission, which should also have power to establish minimum standards of safety. Elsewhere praise had been given the Wisconsin system which in this matter resembles the German. Power is also sought for the commission to reduce the rates of well safeguarded establishments—a common European practice or provision. A chair of industrial safety, with provision for extension work, should be established at the state university. Other recommendations concern hospital funds, first aid, the use of voucher checks and other matters.

The unsolved difficulties of casual employment, the compulsory inclusion of occupations not highly hazardous, the need both for greater adequacy of administration and for pruning of costs, these and other problems will be the ground for recommendations in many years to come. Yet one year has answered the doubters: an American state, not an old one at that, can by any reasonable test beneficently wield a complicated piece of social legislation.

ROBERT F. FOERSTER.

Harvard University.

COMPENSATION FOR INDUSTRIAL ACCIDENTS IN MASSACHUSETTS. In 1910 a commission was appointed in Massachusetts to determine upon a plan for compensating workers for injuries received in the course of their employment (Ch. 120, *Resolves* of 1900). This commission made a preliminary report in 1911 (see *REVIEW*, vol. I, p. 899), which resulted in legislation. The final *Report of the Commission on Compensation for Industrial Accidents* (July 1, 1912, pp. 322) has now been submitted. This contains a statement of the commission's work, summaries of foreign and American compensation acts, a brief on the constitutionality of compulsory compensation, and reprints of the text of existing American compensation acts, with an explanatory commentary on the act of Massachusetts.

On the general problems of compensation legislation the most interesting part of the report is that devoted to the commission's study of Massachusetts industrial accidents from May 1, 1911 to July 1, 1912. During this period, employers were required by legislation to report their accidents to the commission. On the information contained in these reports the commission has tabulated and reported

only facts relating to the frequency and seriousness of accidents for the period between May 1, 1911 and May 1, 1912. The original purpose of this study was to determine the cost of compensation and to work out a fair schedule for the act. Unfortunately, the present Massachusetts compensation schedule was prepared before the commission's study was fairly under way and as yet no changes in the schedule have resulted from it. The results of the study are, however, presented by the commission "for the purpose of affording a basis for the calculation of the cost of compensation under the new law."

The report states that the figures presented cannot be relied upon for the purpose of fixing insurance rates for any individual employer. The commission did not have accurate information as to the number of employers or employees engaged in the various industries in the state; nor is there any means of determining whether all of the accidents which occurred during the period covered were reported. Moreover, the period studied was too short to furnish dependable statistics. The result is, as the commission frankly states, that its figures do not accurately represent either the number of accidents or the seriousness of the consequent disability. The value of these statistics as a basis for generalization may be estimated from the following statement contained in the report:

The commission is well aware, as has been repeatedly pointed out, that these statistics contain defects which could not be eliminated, but a majority of the commission believes that it is justified in presenting the data that it obtained in the course of its investigations even though fuller information derived from experience under the new law may hereafter disclose defects not now apparent.

As the report points out, the statistics tabulated disclose some interesting tendencies. Table 2, distributing injuries in accordance with the German classification showing for each industry the number of establishments, the number of employees, and the number of accidents fatal and non-fatal, shows a death-rate of .45 per 1,000 employees. This rate compares with .80 in Germany and .70 in Austria. Commenting on this low rate, the commission says: "This is probably due to the fact that the industries of this state are so largely of a non-hazardous character. It is well known that the textiles, boots and shoes, and other light factory industries, while they entail a considerable number of minor injuries, do not cause many deaths."

Perhaps the greatest value of the work done by the commission during the period of this study has been the education of employers to report accidents and the formulation of a classification and methods

of tabulation which will be of value to the Industrial Accident Board, which on July 1, 1912, took up the permanent work of collecting and tabulating statistics with relation to the causes and the cost of industrial accidents.

THOMAS I. PARKINSON.

In the summary by Miss Wells, of the nineteen-volume report on *Condition of Woman and Child Wage-Earners in the United States*, published in the REVIEW for June, 1912, page 436, no mention was made of volumes 13, 14, 17, 18, and 19. Volume 13, *Infant Mortality and its Relation to the Employment of Mothers*, has now appeared (Sen. Doc. No. 645, 61 Cong., 2 Sess., 1912, pp. 174). Part I is a study of Massachusetts statistics by Edward B. Phelps; and Part II is a more intensive study, restricted to Fall River, Mass. Volume 17 deals with the *Hookworm Disease Among Cotton Mill Operatives*, prepared by C. W. Stiles (pp. 45).

The Bureau of Labor has also made a *Report on Strike of Textile Workers in Lawrence in 1912* (Sen. Doc. No. 870, 62 Cong., 2 Sess., pp. 511). This is a most careful investigation presenting the documentary material in regard to the strike; the wages and hours of labor, and conditions of work; housing conditions; retail prices and cost of living. Wage data were secured from the pay-rolls of 21,922 employees, or about one half of the total population in Lawrence of working age. Nearly one fourth of the total number earned less than 12 cents per hour.

The "American Labor Legislation Review" for December, 1912, is devoted to *An Immediate Legislative Program*. The docket of pending reform is one day of rest in seven, protection from lead poisoning, uniform reporting of accidents and diseases, compensation of federal employees for accidents and diseases, state workmen's compensation legislation, the investigation into industrial hygiene and safety, protection for working women, and enforcement of labor laws. Useful extracts from documents and reports, with references, are given, designed to be of assistance to those engaged in campaigning for the foregoing objects. Maps and charts are included, and altogether the volume is a most important compendium.

The Department of Agriculture has again reported upon *Wages of Farm Labor* (Washington, Nov. 7, 1912, pp. 72). This represents the nineteenth investigation, the first being undertaken in 1866, and the last previous one in 1906. The inquiry is edited by George K. Holmes.

Mr. Holmes has also prepared for the Department of Agriculture

a bulletin on *Supply of Farm Labor* (Nov. 9, 1912, pp. 81). This is announced as the first comprehensive treatment of farm labor on the side of supply that has been published.

Some scattered data in regard to the methods and purposes of the Industrial Workers of the World may be found in *Report of Harris Weinstock* who was appointed by Governor Johnson of California a commissioner to investigate the recent disturbance in the city of San Diego (Sacramento, pp. 23).

The West Virginia Mining Investigation Commission appointed by Governor Glasscock in August, 1912, has made its report of *Investigation into Strikes in Kanawha County*.

The third issue of the Child Labor Bulletin (105 East 22d St., New York) contains a summary of legislation for the year ending September 30, 1912.

The Illinois Bureau of Labor has published a pamphlet containing suggestions in regard to the operation of the workmen's compensation law which went into operation May 1, 1912. The bureau is also publishing as occasion needs a series of pamphlets on questions arising in regard to the consideration of the law. These pamphlets as well as the text of the act may be obtained from the secretary at Springfield, Illinois.

Money, Prices, Credit, and Banking

"THE EQUATION OF EXCHANGE" FOR 1912, AND FORECAST. The following is a preliminary statement of the equation of exchange for 1912. It is constructed without the aid of the index number of prices of the Bureau of Labor or of the statistics of volume of trade from the Bureau of Foreign and Domestic Commerce, neither of which is yet available. In place of the Bureau of Labor statistics for the price level, I have used Bradstreet's index number; and in place of fuller statistics on the volume of trade, I have taken the median percentage increase of the figures of 1912 over those of 1911 for the following nine items: cotton production, oats, railroad gross earnings, tobacco, rye, wheat, corn, pig iron, and barley, the cotton having shown a decrease and all the others, an increase in the order given.

Bradstreet's index number showed an increase of 5.4 per cent for 1912 compared with 1911, which agrees closely with the figures (5.3 per cent) of Mr. Coats for Canada based on 260 commodities and is not far from the figure (6.2 per cent) of the "Economist" for England.

The figure for velocity of circulation of money is assumed arbi-

trarily to be 21 times a year on the basis of the calculations given in *The Purchasing Power of Money*. The other figures for (1) money in circulation, (2) deposits subject to check and (3) their activity or velocity of circulation, are calculated by the same methods as those described in last June's article, "The Equation of Exchange for 1911 and Forecast."

The two sides of the equation of exchange thus calculated agree within about 2 per cent, and to make them agree perfectly I have altered the figure for the volume of trade from \$444,000,000,000, as first calculated, to \$435,000,000,000 (both reckoned in terms of the prices of the base year 1909) and have altered the price level from 107.7, as originally calculated, to 107.6 (on the basis of the base year 1909 as 100 per cent).

The results thus corrected and expressed in *billions* of dollars, are as follows:

$$\begin{array}{lcl}
 \text{Circ. of money (36)} & \left. \begin{array}{l} \\ \\ \end{array} \right\} + \left\{ \begin{array}{l} \text{Circ. of checks (432)} \\ \text{Deposits} \times \text{their veloc.} \end{array} \right\} & = \left\{ \begin{array}{l} \text{Value of goods bought} \\ \text{(468)} \\ \text{Trade} \times \text{Scale of} \\ \text{prices} \end{array} \right. \\
 \text{Money} \times \text{its veloc.} & & \\
 1.76 \times 21 & \left. \begin{array}{l} \\ \\ \end{array} \right\} \left(\begin{array}{l} 8.15 \times 53 \end{array} \right) & \left(\begin{array}{l} 435 \times 107.6 \text{ per cent} \end{array} \right)
 \end{array}$$

Comparing these figures with those calculated for 1911, we find that the money in circulation has increased 3.7 per cent; the deposits subject to check, 4.8 per cent; their "activity" or velocity of circulation, 6.2 per cent; the volume of trade, 5.3 per cent; and the level of prices, also 5.3 per cent.

These results and other statistics confirm in almost every respect the prophecy ventured in last year's article:

The outlook for the next year or two in the United States would appear to be for a reduction of gold imports, a slackening in the growth of bank reserves and deposits; and an increase of money in circulation, both absolutely and *relatively to deposits*. The activity of deposits seems likely to remain excessive and the volume of trade to increase slightly. The net result will probably be a slight rise in prices.

The only substantial departure of the facts from this forecast is in respect to the italicized statement. Money in circulation increased 1 per cent less rapidly than deposits.

The course of events in the year 1913 will depend largely on the date as well as the character and extent of the expected tariff revision. If this revision is prompt and thoroughgoing it should have the effect of checking the present inflationistic tendency, encouraging the import of goods and the export of gold. Quite irrespective of the merits of tariff revision, this arrest of inflation should prove an antidote to the impending overstimulation of business and postpone the crisis

in which such undue expansion generally culminates. It seems unlikely that the revision could be so great or its effect so drastic as to itself precipitate a crisis. It would not, however, be surprising if in other countries such as Canada, Germany, and Japan where there is, apparently, no prospect of such an arrest of inflation, a crisis should soon materialize, perhaps within the next year or two.

I shall not take space here to attempt a justification of these guesses as to the future.

IRVING FISHER.

A CREDIT UNION IN MASSACHUSETTS. In 1909 the Commonwealth of Massachusetts passed an act (chapter 419) authorizing the establishment of credit unions, which are defined by the act as "coöperative associations formed for the purpose of promoting thrift among their members." This very comprehensive act is the first law enacted in the United States authorizing the establishment of associations along the lines of those which have proved so successful in other countries. The act contemplated the formation of coöperative credit unions modelled essentially on the plan of the Raiffeisen and Schultze-Delitzsch banks of Germany.

A concrete example of such an association is the Myrick Credit Union formed in 1910 by the employees of the Phelps Publishing Company of Springfield, Massachusetts. This has a membership of about one hundred. The operations as yet are on a small scale. The total business for the year 1912 was \$7,319, and the deposits amounted to \$1,419. The union purposes the extension of its field of operations to include the employees of the Phelps Company in New York, Chicago, Aberdeen, S. D., and other cities where they have branch offices.

In general, the object of the credit union is to encourage members to save their earnings. Specifically, the chief objects of the association, as set forth in the constitution, are "to protect its members against reverses of fortune . . . to aid them by a wise and provident system of credit in the shape of loans and advances . . . to secure the practice of virtues that mark the good citizen . . . to combat usury . . . to spread amongst its members a practical knowledge of the elementary principles of economic science . . . to teach them respect for their engagements . . . to gradually procure their . . . economic independence."

The capital of the association is variable in amount and consists of 687 shares of the value of \$2.00 each, which sum may be paid down or

by ten-cent weekly instalments. An entrance fee, fixed by the board of directors, is charged upon each share. This amount, now 10 cents per share, in addition to twenty per cent of the net profits of the year, forms a guaranty fund. This with the capital represented by the shares subscribed, the provident fund, and the resources secured by the loans, constitute the funds of the association. The provident fund, consisting of ten per cent of the profits of the year, is maintained "to cover the first extraordinary losses of the year, resulting from the operation of the association and for other purposes." This may be discontinued when it reaches an amount equal to one half the maximum capital.

The qualifications for membership in the union are honesty, punctuality in payment of debts, sobriety, good habits, and industry. Of those borrowing from the funds of the union, certain other things are required, such as good standing in the association with no unpaid loans. Each member must hold at least one share in the union, but no member may hold more than a maximum number, which is fixed by the general meeting of the organization. At present this is 125 shares, representing an investment of \$250. This amount greatly exceeds the number of shares held by the average member. Besides the amount received from the purchase of shares, the union also receives from the members deposits limited to \$250 per shareholder.

During the early history of this union, the amount of the loans was limited to \$250, for a period of one year, at 7 per cent subject to renewal for another year. No security was asked, the loan being made on the mere signing of a note. Recently, however, the maximum amount of a loan was reduced to \$50 for three months, renewable for another three months. Security has also been required, usually an assignment of wages or insurance. It is probable that the amount obtainable by loan will be again raised, but it is not expected that it will exceed one hundred dollars for one year. There has been for some time past a sliding rate of interest with a minimum charge of fifty cents, which is regarded as unfairly high, and the credit committee is looking to the establishment of a lower rate of interest. Each borrower must state in his application the purpose for which he asks the loan, and this must then be passed upon by the credit committee, which is bound by the constitution to give the preference to small loans, provided the security for repayment is equally good.

While only about twenty per cent of the employees of the Phelps Publishing Company have thus far availed themselves of the benefits of the credit union, at least seventy-five per cent of the share-

holders have become borrowers or depositors. The shareholders who constitute the credit and supervisory committees are prohibited by the constitution from becoming borrowers from the funds of the union.

The organization of the union conforms exactly to the Massachusetts act of 1909. In addition to the usual officers, the conduct of the association is in the hands of three committees: a board of seven directors elected for two years, a supervisory committee and a credit committee, of three members each; the supervisory committee being elected for one year, and the credit committee for two years. The board of directors is given the most extensive powers. This body may refuse admission to applicants for membership, pronounce upon expulsion of members, determine expenses of management, adopt by-laws relating to organization, propose dividends to be paid, and determine the manner in which money of the union shall be invested. The credit committee, as stated above, decides upon all loans. The supervisory committee is general guardian of the funds and operations of the organization.

Dividends are paid after the expenses of operation, twenty per cent for the guaranty fund and ten per cent for the provident fund, are deducted from the year's profits. But dividends may amount to but six per cent till the guaranty, provident, and other funds are complete.

ALEXANDER E. CANCE.

Massachusetts Agricultural College.

THE INTERNATIONAL CONFERENCE ON BILLS AND CHECKS. The second International Conference on Bills of Exchange was held at The Hague, beginning on June 15th last, and closing on July 23rd. The conference bore fruit in the adoption of a complete draft of a uniform law on bills of exchange, which was signed by the leading Continental powers, and will probably be adopted by them within the next two or three years, as soon as legislative machinery can be set in motion. The delegate of the United States, Mr. Charles A. Conant, and the delegates of Great Britain, did not sign the protocol, because of the wide difference in the bases of Anglo-American and Continental law and because some thirty-eight of the American states and most parts of the British Empire had already adopted a substantially uniform negotiable instruments law. The presence of the delegates of the Anglo-American powers, however, tended to secure many modifications in the draft of the uniform law in the direction of simplicity and flexibility. Among the cases in which the Anglo-American rule

prevailed were the option given to contracting states to discard the specific designation of a bill of exchange as such in order to give it validity; the right of a drawer of a bill to draw upon himself; the recognition of presentment for payment through a clearing house; the right of the drawer to stipulate for indefinite extension of the time for acceptance of a bill payable at a fixed time after sight; and the extension of the rule of *force majeure* to cases not purely personal.

The conference also adopted some resolutions on the check, intended as the groundwork of a uniform law, but so much time was spent in perfecting the law of bills that the resolutions did not assume the form of a complete project of law. Among the provisions of the check resolutions was the adoption of the English system of the crossed check. Another conference will be called by the government of The Netherlands within the next two years to compare views in regard to the check and complete a draft of a uniform law on the subject.

Parts 7 to 17 of the *Money Trust Investigation*, by the subcommittee of the Committee on Banking and Currency, have been printed (1913, pp. 505-1266). These cover the hearings between Dec. 9 and Jan. 6. Mr. Morgan's testimony may be found in parts 14 and 15. Part 16 contains documentary material and statistics in regard to clearing houses, dealings in various stocks, 1906-1912, with diagrams and relationship of certain New York banks with their correspondent banks.

Part II of Bulletin No. 106 of the United States Bureau of Labor, entitled *Retail Prices 1890 to June, 1912* (Aug. 28, 1912, pp. 205), contains the general tables showing the actual prices of the principal articles of food, and of coal, upon which the summary in part I was based.

Bulletin No. 108 deals with *Retail Prices, 1890 to August, 1912* (Oct. 1, 1912, pp. 154). (See REVIEW, vol. II, p. 969.)

In the *Report of the Secretary of Agriculture, 1912* (Washington, pp. 279), there is a brief and condensed summary of the results of a recent inquiry in regard to the need of further agencies of rural credit. The investigation was made through a questionnaire sent to 9000 correspondents.

On this same subject is to be noted *Preliminary Report on Land and Agricultural Credit in Europe*, which includes the letter of President Taft to the governors of states, and the recommendations of Ambassador Herrick (Washington, pp. 38).

The Wisconsin State Board of Public Affairs has recently taken up the subject of coöperation, both in production and in credit. Two pamphlets are the result: *Report upon Coöperation and Markets; Part I, Agricultural Coöperation* (pp. 132); *Part II, Coöperative Credit* (pp. 27). Mr. John F. Sinclair is responsible for the preparation of each of these. The first part contains a bibliography of eleven pages, and the second part, two pages.

The National Federation of Remedial Loan Associations has begun the publication of a *Bulletin*. The first number, for June, 1912, contains the proceedings of the annual convention held at Cleveland, June 13-14, 1912 (pp. 46). Another leaflet shows the *Work of the Remedial Loan Societies 1911-1912* (Secretary, 914 G. St. N. W., Washington, D. C.).

The effort to find an explanation for the rise in retail prices is responsible for *A Study of Trolley Light Freight Service and Philadelphia Markets in their Bearing on the Cost of Farm Produce*, by Dr. Clyde L. King, of the Wharton School of Finance, Philadelphia. A table shows for certain farm products the price at the farm and at Philadelphia, and the successive increments added by transportation and handling by the jobber, wholesaler, and retailer; for example, the farmer got 63 cents for a bushel of potatoes; freight to the terminal added 9 cents; the jobber got 8 cents, the wholesaler, 10 cents, and the retailer, 40 cents, making the consumer's price \$1.30. The report contributes new data to the subject of markets, and throws light upon the Pennsylvania system of taxing mercantile sales. Copies of the report may be had upon application to the Department of Public Works, City Hall, Philadelphia.

Mr. John Harsen Rhoades (45 Wall St., New York) delivered an address before the Finance Forum of New York City, December 18, 1912, on *Who Shall Control our Financial Destiny* (pp. 8). Mr. Rhoades favors the Aldrich plan, but suggests that the Board of Management be reduced from 45 to 14, and that the members be appointed by the President instead of being elected by bankers or any special interest.

Laws Relating to State Banks, Trust Companies, and Savings Institutions in Force in the State of Maryland have been compiled in a separate pamphlet (Bank Commissioner, 510 Union Trust Bldg., Baltimore, 1912, pp. 40).

Public Finance

THE VOTE ON THE SINGLE TAX IN MISSOURI. In the general election of November, 1912, the voters of Missouri rejected a proposed amendment to the state constitution embodying the principles of the single tax. The amendment was proposed by initiative petition, a method which was made possible by a constitutional amendment concerning the initiative and referendum adopted in 1908. In Missouri, as in other states, the single tax forces have been prominently identified with the movement for securing the initiative and referendum.

The proposed single tax amendment provided for the immediate exemption from taxation of bonds issued by the state or its local units, and for the abandonment in 1914 of taxes on all other forms of personal property, tangible and intangible, together with poll taxes and business licenses (except those imposed under the police power). In the case of real property, land was differentiated from improvements. The latter, to the extent of \$3,000 on each homestead, were to be exempt in 1914; the remainder was to be taxed on three fourths the assessed value in 1914 and 1915; on one half in 1916 and 1917; on one fourth in 1918 and 1919, and thereafter was to be totally exempt. Beginning with 1920, therefore, land (with public utility franchises, which were put in the same category) would have remained as the sole object of taxation, except for an important proviso that the amendment should not be construed "as limiting or denying the power of the State to tax any form of franchise, privilege, or inheritance." The present rigid restrictions on the tax rate were to be repealed, and a separate amendment provided for a permanent tax commission of three members, appointed by the governor, which, in addition to other duties, was to assume those of the present ex-officio State Board of Equalization.

The campaign for the amendment was elaborately organized. The major portion of the necessary funds was supplied, it is understood, by Mr. Joseph Fels, through the Fels Fund Commission. Speakers for the single tax were sent throughout the state, and single tax literature was thoroughly distributed. Of the two principle lines of single tax argument—first, that industry would be stimulated by the removal of the "tax on industry," with its repressive effects; and, second, that private appropriation of the "unearned increment" is unjust—the first was stressed more heavily than the second. This was in line with a general attempt to win votes on the basis of alleged personal advantage to the taxpayer.

Not only were Missouri industries to gain rapidly over competing

industries in other states, still handicapped by the general property tax, but this industrial prosperity, it was said, was to redound to the advantage of landowners (especially urban landowners) through the increase of population and wealth and the resulting rise of land values. Whatever amount increased taxation might take from land values would in this way be more than restored. It is obviously hard to reconcile this position, taken as it was by official spokesmen of the propaganda, with the general tenets of single tax theory relative to the ethics of the "unearned increment."

But an argument even more directly *ad hominem* was used. In St. Louis, for example, detailed estimates were sent to owners of improved property, showing that the total tax bill of each recipient would be reduced if the proposed changes in the tax system were made. In cases where taxes would have been increased, the information was not sent out, but was kept on file and open to inspection at the single tax headquarters. Similar estimates were made for selected agricultural townships, showing that in most cases the increase in the farmer's tax bill would not be large, and that in many individual cases, as where the land was of low value or the farm highly improved, there would be a reduction.

It was expected that the agricultural vote would be adverse to the amendment, but every effort was made to gain rural votes, in the hope that a possible favorable majority in the cities might suffice to carry the state. As it was, the farmers in many sections became thoroughly aroused against the measure, and in such sections debates and other public discussions were more frequent, it is said, than at any time since the free silver campaign of 1896. Much of this discussion, however, centered around Henry George's exposition of the single tax and his own thoroughgoing proposals. It is impossible to say whether this was on account of a general failure to grasp the relatively limited nature of the changes actually proposed in the amendment, or because of a fear that these changes were intended as an entering wedge for the program of the complete government appropriation of land rent. The advocates of the amendment protested that their proposals should be entirely disassociated from Henry George's doctrines. In a widely distributed leaflet written by Dr. William Preston Hill, the president of the local single tax organization, it was said: "Is it not absurd to try to prove the intentions of living men by quoting the works of a dead author? What has Henry George to do with this amendment?"

There is reason, however, for suspecting that the attitude of the

opposition was not altogether illogical. In a circular letter issued on January 4, 1913, by the Fels Fund Commission, it is explained that the large majority against the amendment cannot be regarded as discouraging, for the measure, "however partial," was "recognized and opposed as the single tax." "Since this was so," the letter adds, "one-third of the voters in St. Louis are single taxers, ready for the whole Henry George philosophy." When this avowal is weighed and the fact that little was said during the campaign about the "unearned increment" (in the cities, at least) is also taken into account, it becomes fairly apparent that the campaign for the amendment had some disingenuous features.

Several associations were organized by opponents of the single tax, this organized opposition centering largely in Kansas City. It is unfortunate that much of the active work against the proposed changes was done by men who were willing to defend the worst features of Missouri's present system of taxation, and who were willing to appeal to the crudest prejudices in order to gain votes. Many men who had worked in the past for tax reforms along scientific lines, disheartened by successive failures and yet desiring to protest against present conditions, either gave the new movement a qualified support or refrained from active opposition.

The Democratic and Republican state conventions declared against the amendment, but it received the endorsement of the State Federation of Labor, which in each of the two years immediately previous had declared for the single tax. In St. Louis the labor organizations and the single tax group have coöperated in various ways during the last few years.

The amendment providing for a permanent state tax commission was defeated by a majority nearly as large as that against the single tax. The opponents of the tax took no account of the fact that the proposed commission was precisely of the type now found in many states. They insisted that the proposal for a commission concealed some sinister method of advancing the cause of the single tax. The truth seems to be merely that the friends of the single tax wisely desired that if it were adopted it should be inaugurated under conditions that would favor its efficient administration.

The single tax amendment received in the state 87,000 votes, or fourteen and a half per cent of a total vote of 595,000. A large part of the favorable vote came from the cities. In the counties containing the cities of St. Louis, Kansas City, St. Joseph, and Springfield, thirty-seven per cent of the voters were in favor of the amend-

ment. In the remaining counties of the state the single tax polled only 22,000 in a total of 421,000 votes, or only a little over five per cent. In the city of St. Louis it received forty-two per cent of the vote. It is not surprising that the single tax advocates are now turning their energies toward securing the separation of state and local revenues.

A. A. YOUNG.

INVESTIGATION OF RAILROAD TAXATION IN MINNESOTA. For several years it has been the general opinion in Minnesota that a four per cent tax on the gross earnings of railroads is inadequate. As a result there has been some sentiment, though probably not a great deal, favorable to the ad valorem system. The Minnesota Tax Commission, however, in the report of 1908 and again in 1910, recommended the retention of the gross earnings tax at an advanced rate. In preparation for the report of 1912, the commission created a Department of Research and Statistics, with Professor E. V. Robinson of the University of Minnesota as director, and gave instructions for a more thorough and detailed study of the methods and results of railroad taxation than had previously been made in the state. The report of the new department on this subject forms chapter 14 in the report of the commission for 1912.

After a preliminary survey of theories of taxation in general, the several methods of railroad taxation used in this country are examined, special attention being given to the state board ad valorem system in Michigan and Wisconsin, and to the tax on gross earnings. The conclusion is that ad valorem taxation of railroads is merely an indirect, uncertain, and cumbersome method of taxing earnings. Gross earnings, which are sharply distinguished from gross receipts, are consequently found to be the most logical and most satisfactory basis for the taxation of railroads.

In order to ascertain approximately what the rate of tax on gross earnings ought to be, the true valuation in the state is found by the use of the sales method for real estate, and by comparison of the signed agreements of assessors in the several counties, for personal property. The valuations of the railroads are next calculated on the basis of the commercial valuation in 1904, the claims of all the roads in 1906, the physical valuation by the state in 1907, the claims of several roads in 1908, the value allowed by the district court in 1908 for rate-making purposes, and the claim advanced at the time by the several railroads. All of these valuations are also carried down to 1912 by the ratio plan. The conclusion reached is that a tax of five

per cent on the gross earnings would be warranted on most of the bases named; while if the valuation established by the court for rate-making purposes should be adopted, a tax of six per cent would not be excessive.

After inspection of these figures, the commission issued a statement late in October summarizing the main conclusions; and at the election in November the people by a large majority ratified an amendment advancing the tax on gross earnings to five per cent.

Part IV of *Taxation of Corporations* has been issued by the Commissioner of Corporations (Washington, Nov. 29, 1912, pp. xiii, 144). This is devoted to taxation in the western central states, covering Minnesota, North Dakota, South Dakota, Nebraska, Iowa, Kansas and Missouri. Minnesota is the only state in this group which relies largely on corporation taxes. Special study is made of the taxation of intangible personal property at a low uniform rate, in which a review is made of the methods pursued in the East as well as in the West.

The *Fourth Annual Report on the Statistics of Municipal Finances of Massachusetts for the fiscal year 1909-1910* has recently appeared under the editorial supervision of Charles F. Gettemy, director of the Bureau of Statistics (Boston, 1912, pp. xlv, 302). Of especial interest is the account of the operations of the new act relating to certification of town notes. It is announced that the report of the special investigation relative to sinking funds and serial loans is nearly ready.

The *Report of the Tax Commissioner of Connecticut for 1911 and 1912* contains an account of the new personal tax law (pp. 10-13), and gives special attention to the work of tax officials, including the assessors and collectors. A considerable space is also given to the succession and inheritance tax laws, and on page 198 will be found a table showing the receipts from inheritance taxes of all the states which had such laws in force in 1912 (Hartford, 1912, pp. 209).

In a *Report in the Matter of the Investigation of the Accounts of the Municipal Ferries of New York*, prepared by the Commissioners of Accounts, there is a financial analysis of what is stated to be New York's first comprehensive experiment in municipal ownership. The city took over in 1905 the Staten Island ferry, which had previously been a losing enterprise. From this and other municipal ferries there has been a continuous financial loss (280 Broadway, New York, 1912).

The Manufacturer's Appraisal Company, of Cleveland, began in October the publication of a quarterly, the "Somer's System News," designed to advance the business of this company in assisting cities in making tax assessments and valuations of property for industrial purposes. The first issue contains 24 pages. Of interest is the article on "Central Boston Assessments," analyzed by Somer's mathematical computations.

Insurance

The Bulletin of the Industrial Commission of Wisconsin, Vol. I, No. 6, Dec. 20, 1912, is devoted to a discussion of *Liability Insurance Rates* (pp. 289-300). Reference is made to the rates offered by old-time companies in different states where compensation laws have been put in operation.

The REVIEW has received *American Public Pension Systems and Civil Service Retirement Plans*, by Frederick L. Hoffman (Prudential Insurance Co., Newark, N. J., pp. 46), in which there is a comprehensive survey of different pension plans and actuarial principles—military, civil, old-age, etc.—which have been in operation in this country.

The address of William T. Emmet, Superintendent of Insurance of New York, on *The Attitude of Present Day Insurance Supervision*, recently delivered before the Association of Life Insurance Presidents, has been printed in pamphlet form (Albany, Dec., 1912, pp. 10).

The text of the *British National Insurance Act, 1911*, is reprinted in Bulletin 102 of the United States Bureau of Labor (July 15, 1912, pp. 87); and that of the *Sickness and Accident Insurance Law of Switzerland*, in Bulletin 103 (Aug. 1, 1912, pp. 27).

The American Telephone and Telegraph Company has issued, under date of January 1, 1913, a pamphlet describing its *Plan for Employees' Pensions, Disability, Benefits, and Insurance* (pp. 14). This plan applies to the employees of allied companies, as the Western Union Telegraph Company.

During the past year the "New York Journal of Commerce" has published a series of brief articles on pension plans of different corporations, railroads, and industrial plants. These have appeared as follows:

Western Union Telegraph Co.	June 12
United States Steel Corporation	June 19
Union and Southern Pacific Railroads	June 26

Wells Fargo Express Co.	July 3
American Express Co.	July 10
National Lead Co.	July 17
American Sugar Refining Co.	July 24
Old Dominion Steamship Co.	Aug. 7
International Harvester Co.	Aug. 14
Consolidated Gas Co. of New York	Aug. 21
Western Electric Co.	Oct. 23
New York Central Railroad Co.	Nov. 6
American Telegraph & Telephone Co.	Nov. 11
Pennsylvania Railroad	Nov. 13
Rock Island Lines	Nov. 20
Armour & Co.	Nov. 25
Atchison, Topeka & Santa Fe Ry.	Nov. 27
Deere & Co.	Dec. 4
Du Pont Powder Co.	Dec. 11
Gorham Mfg. Co.	Dec. 18
National City Bank	Dec. 20
Delaware, Lackawanna & Western R.R.	Dec. 25

Demography

Mortality Statistics 1909, published by the Bureau of the Census, is the tenth annual report on vital statistics compiled under federal authority. Use is made of the census of 1910 to revise the rates for intercensal years 1901-1909. (Washington, 1912, pp. 810.)

Professor Fisher's paper on "A Revised Estimate of the Economic Cost of Tuberculosis" has been reprinted from the *Transactions of the Eighth Annual Meeting of the National Association for the Study and Prevention of Tuberculosis* (pp. 19).

The recent congress of demography has undoubtedly stimulated interest in the subject of vital statistics. Two recent pamphlets in particular may be noted: *The Influence of Vital Statistics on Longevity*, by Dr. Watson S. Rankin, secretary of the North Carolina Board of Health (Raleigh); and *A Report on Vital Statistics, and Health Reports of New York City*, by a committee of the New York Academy of Medicine. This was originally printed in the "Medical Record" of November 23, 1912.

Care of Tuberculosis Wage-Earners in Germany, by Frederick L. Hoffman, is the title of Bulletin 101 of the federal Bureau of Labor (Washington, July 1, 1912, pp. 183). This is an exhaustive study covering mortality, sanatorium treatment, cost of treatment under different systems, with particular reference to invalidity insurance institutions.

The State Department of Health of Maryland has issued a pamphlet on the *Report of Industrial Diseases* (6 East Franklin St., Baltimore, 1912), in which the purpose of the new law of 1912 is explained.

Statistics

Students of statistics will be glad to note that after an interval of two years the publication of the *Annali di Statistica*, the valuable Italian government publication devoted to statistical analysis, has been resumed. The first number of the new series (the fifth) is a monograph by G. Montemartini, entitled *Le Curve Tecniche di Occupazione Industriale*. The author deals at considerable length with the general theory of employment statistics, with special reference to the economic and social purposes which such statistics may serve. Statistics drawn from a wide range of sources are exhibited in tables and diagrams showing the variations in employment in industries of various sorts by months. Two statistical coefficients are thought by Montemartini to be especially significant: the first being the ratio of the minimum number employed in any month of the year to the maximum number, and the second being the ratio of the number constantly employed during the year (twelve times the minimum employment) to the total employment (the sum of the numbers employed in each of the twelve months). The second ratio is made the criterion of a classification of industries into three types. Special emphasis is put upon the practical problems and the possible avenues for governmental action growing out of the coincidence or lack of coincidence in different industries of the variations in the amount of employment of unskilled labor.

A. A. Y.

A monograph by Professor C. Ottolenghi of the University of Camerino, entitled *La Determinazione dei Valori Unitari Medi d'Importazione e d'Esportazione nella Statistica Commerciale* (Turin: S. Lattes & C., 1912) presents the results of an investigation undertaken by the author at the behest of the Italian Ministry of Agriculture, Industry, and Commerce. In the valuation of exports and imports for statistical purposes Italy uses the method of appraisal by an official board rather than of declaration by exporter and importer. These appraisals are not made separately for individual shipments, but are obtained by multiplying the amount of goods exported and imported, classified in over 1400 categories, by the estimated yearly average price per unit of each class of goods. Errors are introduced by reason of both the inadequacy of available price statistics and

the grouping of different grades of goods in one class. Professor Ottolenghi submits a detailed plan for the elimination of both of these sources of error. If his recommendations are adopted better price statistics as well as better trade statistics will be available for Italy.

A. A. Y.

STATISTICAL REFORM IN CANADA. In May, 1912, a departmental commission was appointed to enquire into the statistics of Canada, and to recommend a policy of coördination and re-organization looking to their extension and improvement. Provincial as well as Dominion statistics were included in the scope of the inquiry. The commission consisted of Mr. Richard Grigg, Commissioner of Commerce; Professor Adam Shortt, Civil Service Commissioner; Mr. E. H. Godfrey, Census and Statistics Branch; Mr. W. A. Warne, Statistical Branch, Trade and Commerce; Mr. R. H. Coats, editor of "The Labour Gazette," Department of Labour, and Mr. John R. K. Bristol, Department of Customs. It sat at intervals during the summer and autumn months, and the report was made public in January. (Ministry of Trade and Commerce, Ottawa, 1913, pp. 75.)

In conducting its investigation, the commission proceeded according to subject-matter rather than by departmental organization, and the report is framed on that basis. For the sake of coherence and condensation the usual verbatim statement of evidence is omitted, and the facts thereof presented in a digest which follows the same arrangement as the report proper. The reader may thus turn from the general observations and findings of the commission on any point to a succinct and readable presentation of the main facts on which they are based. As a frontispiece to the report appears a diagram which embodies the commission's conception of the extent and organization of the general field of statistics.

The general finding of the commission is that though many of the statistical reports of the various branches and departments are of undoubted excellence, Canadian statistics as a whole show a lack of coördination and common purpose. Though the British North America Act of 1867 gave the Dominion government specific authority to deal with "Statistics" (a provision which is interpreted by the commission as by no means precluding statistical activity on the part of other governmental bodies), there has been, nevertheless, a conspicuous lack of appreciation of the fact that the statistics of a country, whether the product of one agency or of several agencies, should constitute a single harmonious system. The statistics of Canada are found, accordingly, in some cases to be restricted in scope, to vary

in quality and value, and to involve numerous duplications both as between the Dominion and the Provinces, and as between departments of the same government. To remedy this general situation the commission proposes the creation of a central statistical office under the Dominion government, with the duty of enlarging and coördinating in the first instance the statistics issued on federal authority, and of laboring to secure the coöperation of the Provinces in a correlated treatment of the whole field. The office, in effect, is to be a "thinking" office on the subject of statistics for the whole Dominion. It is not to override or encroach upon purely departmental authority, it being laid down as a principle that "statistics should in every case be collected and analyzed by those who have a full and expert knowledge of the phenomena they illustrate." To assist in the work of centralization, two sets of machinery are suggested: first, an interdepartmental committee consisting of delegates from the various departments which issue statistics; and, second, an interprovincial conference in which the various departments of the several Provinces shall combine with the Dominion departments in the discussion of statistical ways and means.

Turning to more specific topics, the report contains a number of suggestive criticisms and recommendations. The enumeration of population and property, it is thought, is the first duty of the census. A quinquennial census of these is advised. On the subject of production, the institution of an annual census of agricultural, fishing, lumbering, and mining outputs is recommended, the annual statistics of the Commonwealth of Massachusetts being put forward as a model in the case of manufacture, the statistics of agricultural, forestry, fisheries and mines products to depend on more or less elaborate schemes involving interprovincial coöperation. The discrepancies and omissions which have characterized the vital statistics collected by the several provinces in the past are severely censured. The creation of statistics of emigration, and the better coördination of municipal statistics are urged.

Under the heading Trade and Commerce, the chief recommendations are for a better classification scheme (though Canada already classifies her imports and exports more elaborately than any other country) and for better coördination between the statistical branches of the Department of Customs and of the Department of Trade and Commerce. Under the heading Interprovincial Trade, on which important subject no statistics exist, the commission reviews the possibilities of the situation and recommends an experiment in the case of

the more important articles of production and consumption, the list to be enlarged as experience may dictate. The lack of comprehensive periodical reports on wages and household expenditures is pointed out. Other subjects definitely touched upon include industrial accidents, tariff statistics, and publications. A final recommendation is that the appointment of all officials engaged in statistical work should be on grounds of character and capacity alone, under a plan to be reported by the Civil Service Commission.

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Economic History, United States

(Abstracts by E. L. Bogart)

ARBUTHNOT, C. C. *An economic interpretation of present politics*. Pop. Sci. Mo., Aug., 1912.

The American people, as a result of their rich environment, developed a code of ethics of exploitation. This was satisfactory as long as the favors to be distributed—land grants, protection, etc.—were generally shared. But now the national wealth has been so largely appropriated, the majority is insisting the minority shall cease their former practices.

LIPPINCOTT, I. *Industrial influence of lead in Missouri*. Journ. Pol. Econ., July, 1912.

Lead undoubtedly did much to promote the early exploitation and settlement of Missouri but its effect upon more recent commerce and manufactures seems overemphasized.

LIPPINCOTT, I. *The early salt trade of the Ohio valley*. Journ. Pol. Econ., Dec., 1912.

The importance of salt to the early settlers and efforts made by federal and state governments to reserve and develop sources of supply. Growth and decline of the production of and trade in salt in the Ohio Valley between 1800 and 1860. The subject is carefully traced down to 1830.

ROSS, E. A. *The middle west*. Century, Feb., 1912.

The first of a series of "studies of its people in comparison with those of the East." It deals with "the fiber of the people," which is found to be as strong and vigorous in the West as it is dried up or decayed in the East.

Economic History, Foreign

(Abstracts by Clive Day)

ALAZARD, J. *Les causes de l'insurrection lyonnaise de Nov. 1831*. Rev. Hist., Sept., 1912. Pp. 34.

Description and analysis of the wretched condition of workers in the silk industry.

AUBIN, G. *Der Einfluss der Rezeption des römischen Rechtes auf den deutschen Bauernstand*. Jahrb. f. Nat. Oek., Dec., 1912. Pp. 23.

In agreement with Von Below, that the Roman law was not a positive depressing influence.

VON BRAKEL, S. *Neuere Literatur über den Ursprung der Aktiengesellschaften*. Vierteljahrsschr. f. Soz. u. Wirtschaftsgesch., X, 4, 1912. Pp. 15.

Review of five recent publications (including W. R. Scott) by the author of an important monograph in this field.

BOISSONNADE, P. *Les études relatives à l'histoire économique de l'Espagne et leurs résultats*. Rev. de Synthèse Hist., June, Aug., 1912. Pp. 15, 10.

Bibliographical survey, covering a considerable number of recent and older publications on Spain from 711 to 1453, the articles being devoted respectively to industry and to commerce.

BONOLIS, G. *Il diritto marittimo medievale dell'Adriatico*. Riv. Internazionale, Oct., 1912. Pp. 22.

Roman and Byzantine influences upon the statutes governing mediaeval Adriatic commerce.

CATERINI, S. *Di alcuni prezzi di derrate e di stoffe nel secolo XVI in Roma*. Giorn. d. Econ., Apr.-May, 1912. Pp. 5.

Food was cheap, clothing expensive, in the Rome of the sixteenth century.

COORNAERT, E. *La décadence de l'économie urbaine et les petits métiers*. Vierteljahreschr. f. Soz. u. Wirtschaftsgesch., X, 4, 1912. Pp. 16.

Changes in the views and policy of city craftsmen, in the transition to freedom of industry, illustrated from the archives of Bergues, 1573.

DELAVAUD, L. *Un projet d'établissement commercial français à Arkhangel (1664-1672)*. Rev. Sci. Polit., Nov., 1912. Pp. 19.

DI NOLA, C. *La criscitoniera e l'industria del cotone in Italia*. Giorn. d. Econ., Apr.-May, June, 1912. Pp. 30, 53.

The first instalment covers the period to 1900 when the cotton industry was becoming established in Italy; the second, the period from 1900 to 1910 with emphasis upon the circumstances leading to the crisis in the industry in 1907.

EHRLER, J. *Stadtverfassung und Zünfte Freiburgs im Breisgau*. Jahrb. f. Nat. Oek., Dec., 1912. Pp. 27.

FESTY, O. *Dix années de l'histoire corporative des ouvriers tailleurs d'habits (1830-1840)*. Rev. d'Hist. Doct. Econ., Nos. 2-3, 1912. Pp. 34.

A careful study, based on archival material and contemporary newspapers, and furnishing for France a companion-piece to Galton's book on the English tailors.

FRANK, T. *Mercantilism and Rome's foreign policy*. Am. Hist. Rev., Jan., 1913. Pp. 20.

An excellent critical study, showing the slight importance of foreign commerce and the slight influence of commerce on policy, during the Republic.

FREMY, E. *Conditions des ouvriers au XVII et au XVIII siècle dans l'industrie des glaces*. Rev. d. Etudes Hist., May, 1912. Pp. 17.

Study of conditions in a protected industry.

GIBARD, A. *Une négociation commerciale entre la France et l'Espagne en 1782*. Rev. Hist., Nov., 1912. Pp. 25.

GRAS, N. S. B. *The origin of the national customs-revenue of England.* Quart. Journ. Econ., Nov., 1912. Pp. 43.

A careful essay in classification, distinguishing local, semi-national, and national customs.

GUYOT, Y. *La question d'Orient et les conflits économiques.* Journ. des Econ., Nov. 15, 1912. Pp. 21.

A rapid survey of recent history, with the author's conclusions on the contemporary situation.

HOMAN, B. *Die erste staatliche direkte Steuer.* Ungarische Rundschau, Jan., 1912. Pp. 20.

A study covering the countries of both western and central Europe in the period before such war taxes as the Danegeld.

KIEFELBACH, G. A. *Die Entstehung der deutschen Städtehanse.* Hist. Vierteljahrsch., July, 1912. Pp. 32.

Defending his view, that the Hansa arose from the union of cities to further their foreign trade, against Stein. Another attack on Stein's view (of an origin in the personal association of merchants abroad) appeared in May, by K. Schaubé.

KINKEL, J. *Die altrussische Volkswirtschaft.* Vierteljahreschr. f. Soz. u. Wirtschaftsgesch., X, 1, 3, 1912. Pp. 17, 56.

A valuable study of the Russian economic organization from the sixth to the fourteenth centuries, based on early Russian literary and legal sources.

LAFTSCHEWITSCH, D. and TOPALOVITS, Z. *Die Entwicklung der sozialdemokratischen Bewegung in Serbien.* Archiv f. Geschichte Sozial., III, 2, 1912. Pp. 16.

LANDEMANN, H. *Restif de la Bretonne.* Archiv f. Geschichte Sozial., III, 2, 1912. Pp. 51.

Summary and appreciation of Restif's proposals for the reorganization of French society about 1800.

MAYER, T. *Zur Frage des Wiener Stadelrechtes.* Vierteljahreschr. f. Soz. u. Wirtschaftsgesch., X, 3, 1912. Pp. 28.

Narrative and critical study, covering the last centuries of the Middle Ages.

SCELLE, G. *Théories relatives à l'esclavage en Espagne au XVII^e siècle.* Rev. d'Hist. Doct. Econ., Nos. 2-3, 1912. Pp. 28.

Analysis of official pronouncements and of doctrinal writings of churchmen relative to American slavery and the African slave trade, in which economic considerations take but a small place.

SCHMIDT, C. *Une enquête sur la draperie à Sedan en 1803.* Rev. d'Hist. Doct. Econ., Nos. 2-3, 1912. Pp. 17.

Interesting particularly for the vivid picture that it gives of the organization and strikes of shearers, frauds of spinners and manufacturers, and the introduction of English machinery.

VAN HOUTTE, H. *La législation annonaire des Pays-Bas à la fin de l'Ancien Régime et la disette de 1789 en France.* Vierteljahreschr. f. Soz. u. Wirtschaftsgesch., X, 1, 1912.

WALTHER, A. *Geldwerth in der Geschichte*. Vierteljahrsschr. f. Soz. u. Wirtschaftsgesch., X, 1, 1912.

An interesting methodological program, developing the principles of the scientific comparison of purchasing power in different periods.

Economic Geography

(Abstracts by E. V. D. Robinson)

ECKEL, E. C. *American iron-ore reserves*. III. Engg. Mag., Oct., 1912.

Three possible logical methods of valuation are: (1) capitalization of smelting profits; (2) capitalization of royalties; (3) market or replacement value. First method is used in case of all metals except iron. In that, the profits are mostly credited to later operations.

ECKEL, E. C. *Iron-ore reserves and limitations of ownership*. Engg. Mag., Aug., 1912.

No corporation controls over 25 per cent of the ores now commercially available. Monopoly is impracticable.

FLETCHER, R. *United States irrigation work in the northwest*. Engg. News, Nov. 14, 1912.

Largely from engineering viewpoint, but with some reference to economic conditions.

HESS, R. H. *The beginnings of irrigation in the United States*. Journ. Pol. Econ., Oct., 1912.

An interesting account of irrigation in the West, from the Indians and Spanish missions to modern times, with special attention to the law of water rights.

HOGAN, J. V. *What is the future of American cotton?* Journ. Pol. Econ., Nov., 1912.

Speculative manipulations of the cotton market since 1902 have caused foreign spinners losses exceeding \$500,000,000 and stimulated cotton cultivation on an expanding scale in many countries. The control of the cotton market by the United States will consequently soon be at an end.

LEIGHTON, M. O. *The federal water-power policy*. Engg. News, Dec. 12, 1912.

Summary of provisions of act of 1910 relating to water-power dams on navigable streams, and the regulations issued by the Secretary of the Interior and the Secretary of Agriculture for the use of water-power on government lands. Concise and valuable.

LEWIS, J. H. *State and national water laws, with detailed statement of the Oregon system of water titles*. Pro. Am. Soc. of Civ. Engrs., Sept., 1912.

NEWELL, F. H. *Future progress in irrigation*. Engg. News, Dec. 5, 1912.

Sketch of irrigation movement from 1891 to present. Yield must be greatly increased; requires application of brains as well as water.

McKINLEY, D. *The old west and the new*. Journ. Am. Bankers' Assoc., Nov., 1912.

Popular address sketching development of land policy, with special

reference to irrigation and conservation, closing with plea for steamship subsidies.

PALMER, T. G. *The influence of sugar beet culture on agriculture and its importance in relation to national economics.* Am. Sugar Industry, Nov., 1912.

Brief statement of reasons why sugar-beet culture leads to better farming, followed by charts from *Sugar at a Glance* recently published by the Department of Agriculture.

PAYEN, E. *La production, la consommation et les prix des divers métaux durant les dix dernières.* L'Econ. Franç., July 20, Aug. 3, 1912.

RAFFALOVICH, A. *L'industrie de la pêche maritime en Allemagne.* L'Econ. Franç., Aug. 24, 1912.

Most of the fishing enterprises are now carried on by a special type of stock company. The German importations of fish exceed, twice over, the catch of German vessels.

RAYMOND, R. W. *Our national resources and our federal government.* Bull. Am. Inst. Min. Engrs., Oct., 1912.

TOWNSEND, C. M. *Controlling the Mississippi river.* Engg. News, Oct. 31, 1912.

Argues for levees rather than reservoirs as a means of controlling floods, incidentally shows that the height of the 1912 flood was largely due to the confining of the river by levees.

WHITE, D. *A great reservoir of oil fuel.* Engg. News, Oct. 17, 1912.

Devonian black shale contains enough organic matter to warrant distillation when present oil pools show signs of exhaustion.

— *The twentieth annual irrigation congress.* Engg. News, Oct. 17, 1912.

Actual irrigation farmers are too busy to attend, hence the congress is made up mostly of other classes. Some claimed that the federal government should not insist on repayment for lands, but this plan did not carry. Principal practical problem now is drainage of irrigated lands.

Railways

(Abstracts by Ernest R. Dewsnap)

ALEXANDER, D. C., JR. *Victorian government railways.* Daily Con. & Trade Rep., Nov. 30, 1912. Pp. 9.

Describes rolling stock and shop equipment.

ANDREWS, F. *Agricultural promotion work of the railways.* Ry. Age Gaz., Nov. 15, 1912. Pp. 3.

A discussion of its character and importance.

BALLANTINE, N. D. *Is there really a car shortage?* Ry. Age Gaz., Oct. 25, 1912. Pp. 4.

Arises from insufficient use of equipment rather than from lack of

BALTZER. *Die Tarife der Deutschen Schutzgebietsbahnen*. Archiv f. Eisenbahnw., Sept.-Oct., 1912. Pp. 18.

An explanation of passenger and freight classification and rates in Togoland and German East Africa.

BEVERIDGE, A. J. *Canada's government railway*. Rev. Rev., Nov., 1912.

BRADLEE, H. G. *The profitable limit of a five cent fare*. Stone & Webster Pub. Serv. Journ., Dec., 1912. Pp. 10.

The limit is four miles.

COHN, G. *Die Aussichten eines Staatsbahnsystems in England*. Archiv f. Eisenbahnw., Nov.-Dec., 1912. Pp. 16.

A summary of the papers on "The State in Relation to Railways" read at the 1912 Congress of the Royal Economic Society, by Messrs. Acworth, Tetley-Stephenson, Cleveland-Stevens, Schumacher, Pierre Leroy-Beaulieu, Mahaim, and Dewsnup.

COLSON, C. *A foreign view of American railways*. Ry. Age Gaz., Oct. 25, 1912. P. 1.

Criticizes the hostility of Congress to pooling agreements; fails to see what bearing the valuation of railway property can have upon rate making.

DESFORGES, G. *Le transport des bagages et la jurisprudence en France*. Journ. des Transports, Oct. 26, 1912. P. 1.

DIXON, F. H. *The trend of railway earnings*. Ry. Age Gaz., Dec. 27, 1912. Pp. 3.

Indications are that the net operating revenue of 1913 will show an increase over that of 1912.

EVERSMANN, A. *Die canadische Ueberlandbahn und ihre wirtschaftliche Bedeutung. IV*. Archiv f. Eisenbahnw., Sept.-Oct., 1912. Pp. 35.

This final part is devoted mainly to statistics of finance and operation.

HARRISON, F. *A plan for industrial coöperation*. Ry. Age Gaz., Nov. 22, 1912. Pp. 2.

A proposition to base the wages of railway employees upon gross earnings.

HILL, J. J. *The country's need of greater railway facilities*. Ry. Age Gaz., Dec. 20, 1912. Pp. 4.

Improved terminal facilities are imperatively needed to avoid traffic congestion. The railway must be permitted to earn enough to pay the interest and principal of the heavy additional loans necessary.

JANDRON, F. L. *Economic aspects of discipline*. Ry. and Engg. Rev., Nov. 9, 1912. Pp. 1½.

JANDRON, F. L. *Efficiency and the railway wage problem*. Engg. Mag., Nov., 1912. Pp. 6.

Advises graduated efficiency rewards to employees.

JAENECKE. *Die weitere Ausbau der Bahnen Brasiliens*. Archiv f. Eisenbahnw., Nov.-Dec., 1912. Pp. 14.

JURGENSEN, D. F. *Reproduction cost new as a basis for railroad rates.* Ry. & Engg. Rev., Nov. 30, 1912. Pp. 2.

As representing "fair" value, cost of reproduction now has no basis in law or fact. "Fair" value can be no more than present value of items of physical property rightfully included in the inventory.

LOUIS, C. E. *Les compagnies de chemins de fer et leur personnel.* Réf. Soc., Dec., 1912. Pp. 8.

With the development of traffic on the French railways, the share of earnings secured by the employee has steadily increased, while that of the stockholder has remained unchanged.

McPHERSON, L. G. *A concerted movement of the railways.* No. Am. Rev., Jan., 1913. Pp. 10.

Explains the purpose of the Bureau of Railway Economics and describes the nature of the work it performs.

MEAD, E. S. *The railway labor situation.* Ry. Age Gaz., Oct. 25, 1912. Pp. 2.

Railway labor needs to be brought to realize that the railways are entitled to a fair return upon the fair value of their property.

OVERMANN, J. *Die Holländische Eisenbahngesellschaft.* Archiv f. Eisenbahnw., Sept.-Oct., 1912. Pp. 10.

A list of the annual rates of dividend since 1840.

PAWLOWSKI, A. *L'arbitrage facultatif et obligatoire.* Journ. des Transports, Sept. 28, 1912. Pp. 2½.

Compulsory arbitration is condemned.

PAWLOWSKI, A. *Les chemins de fer d'Etat et M. Berthélemy.* Journ. des Transports, Aug. 31, 1912. Pp. 1½.

In the recent edition of his treatise on administrative law, Professor Berthélemy has recanted his former belief in state administration of railways.

PAWLOWSKI, A. *L'état, industriel et financier.* Journ. des Transports, Dec. 7, 1912. Pp. 2.

A severe criticism of the French postal administration on the ground of budgetary irregularities and operating inefficiency.

PAWLOWSKI, A. *Les grèves des cheminots espagnols en 1912 et leur caractère.* Journ. des Transports, Oct. 26, 1912. Pp. 4.

PAWLOWSKI, A. *La nationalisation des chemins de fer anglais.* Journ. des Transports, Sept. 7, 1912. Pp. 3.

PAWLOWSKI, A. *L'unification des tarifs de chemins de fer.* Journ. des Transports, Sept. 14, 21, 1912. Pp. 4.

In an article in the "Revue Politique et Parlementaire," M. Richard Block shows the impracticability of uniform tariffs in France by a study of tariffs concerned with the metallurgical and coal industries.

RIPLEY, W. Z. *The course of railway rates since 1870.* Ry. Age Gaz., Nov. 8, 1912. Pp. 6.

Ton-mile revenue fails to indicate the real movement of freight rates in this country.

SCHIMPFY, G. *Wirtschaftliche Betrachtungen über Stadt- und Vorortbahnen III, IV.* Archiv f. Eisenbahnw., Sept.-Oct., 1912. Pp. 61.

The third part deals with construction and its costs; the fourth, with operating systems and their costs.

WEISSENBACH, P. *Der Abschluss der Verstaatlichung der Hauptbahnen und zehn Jahre Staatsbetrieb in der Schweiz. II.* Archiv f. Eisenbahnw., Sept.-Oct., 1912. Pp. 40.

Main attention is given to the classification of employees for purposes of remuneration.

WINCHELL, B. L. *Drift toward government ownership of railways.* Atlantic, Dec., 1912. Pp. 13.

Public ownership of our railways would tend to increase cost of operation, would make rates more inelastic, and would lead to political corruption.

VON WITTEK. *Die österreichischen Staatsbahnen in den Jahren 1901-1910.* Archiv f. Eisenbahnw., Nov.-Dec., 1912. Pp. 17.

From 1901 to 1910, the net income of the Austrian state railways varied between 1.65 and 3.01 per cent on capital invested.

———— *Bankers hear of railway inefficiency.* Ry. & Engg. Rev., Nov. 9, 1912. P. 1.

An extract from a speech of Mr. Emerson before the Illinois Bankers' Association, with editorial criticism of its accuracy.

———— *The effect of the automobile on railway traffic.* Ry. Age Gaz., Oct. 18, 1912. Pp. 1½.

In places, railway passenger earnings are being affected materially. Motor trucks have captured some of the short-haul freight of the railways.

———— *Freight business on a New England electric railway.* Electric R.R. Journ., Nov. 9, 1912. Pp. 1½.

A description of the methods used to develop electric railway freight and express traffic in virgin territory.

———— *Have freight rates increased?* Ry. Age Gaz., Nov. 8, 1912. Pp. 1½.

The advance in rates since 1900 has been slight, incomparably less than the reduction between 1890 and 1900.

———— *Mail carrying railways underpaid.* Ry. Age Gaz., Nov. 15, 1912. Pp. 4.

Statement by Committee on Railway Mail Pay.

———— *New railway built during 1912.* Ry. Age Gaz., Dec. 27, 1912. Pp. 3½.

———— *Parcels post rates and express charges.* Greater N. Y., Dec. 16, 1912. Pp. 3.

A comparison of charges.

———— *Railway officers on the situation.* Ry. Age Gaz., Dec. 27, 1912. Pp. 8.

Replies generally favor a permanent national wage commission. Business prospects for 1913 are regarded as good.

Report of the committee on railroad taxes and plans for ascertaining fair valuation of railroad property. Electric Ry. Journ., Nov. 23, 1912. Pp. 2.

Select list of references on the commerce court. Special Libraries, Dec., 1912. Pp. 5.
Contains 127 titles.

Statistics of electric railway companies. Elec. Ry. Journ., Dec. 7, 1912. Pp. 1½.

Mileage and capitalization statistics for the separate states are given.

Statistics of railways. Archiv f. Eisenbahnwesen., Sept.-Oct., Nov.-Dec., 1912.

Sept.-Oct.—Belgium (1910), Bulgaria (1909), Chantung Ry. (China) 1911, Denmark (1911), France (1910), Hungarian State Rys. (1910), Holland (1910), Norway (1911), Rumania (1911), Servia (1910); Nov.-Dec.—Algeria-Tunis (1908), Hungary (1910), Italy (1911), Switzerland (1910), United States (1910).

Traffic count in Philadelphia. Electric Ry. Journ., Nov. 2, 1912. Pp. 3½.

Describes the methods adopted by the transit commissioner of Philadelphia in studying the conditions of street-car traffic in that city.

Why 5,000 trespassers are killed yearly. Ry. Age Gaz., Dec. 20, 1912. Pp. 5½.

Le projet de loi espagnol sur les rapports entre les compagnies de chemins de fer et les cheminots. Journ. des Transports, Nov. 16, 1912. Pp. 2.

Text of a government bill before the Cortès that proposes the establishment of railway conciliation boards and of a tribunal of arbitration.

Les réformes administratives dans les chemins de fer allemands de l'état. Journ. des Transports, Oct. 19, 1912. Pp. 1½.

A summary of Herr von Voelcker's paper. (See AMERICAN ECONOMIC REVIEW, vol. II, p. 988.)

Le relèvement des tarifs-voyageurs des chemins de fer de l'état hongrois. Journ. des Transports, Sept. 28, 1912. Pp. 1½.

Details of the changes are given.

Six ans de gestion des chemins de fer de l'état italien. Journ. des Transports, Nov. 2, 1912. Pp. 2.

Each year the operating results of the Italian state railways have become less favorable to the Treasury.

Die Eisenbahnen Deutschlands, Englands und Frankreichs in den Jahren 1906 bis 1908. Archiv f. Eisenbahnw., Nov.-Dec., 1912. Pp. 31.

The customary annual comparison of the financial and operating results obtained in the three countries named.

Verkehrsweisen in Alaska. Archiv f. Eisenbahnw., Nov.-Dec., 1912. Pp. 6.

Accounting

(Abstracts by John Bauer)

BELLOM, M. *L'organisation française des experts-comptables.* L'Econ. Franç., Sept. 7, 1912. Pp. 3.

Describes the organization of a recently created association of expert accountants in Paris.

BENNETT, R. J. *The audit of a building and loan association.* Am. Bldg. Assoc. News, Dec., 1912. Pp. 11.

Discusses the function of a building and loan association, describes the methods of stock issue, outlines the usual scheme of organization, and gives rules as to audit of an association's accounts.

CIINCH, S. H. *Some notes on the law relating to companies limited by shares.* Accountant, Nov. 16, 1912. Pp. 7.

English law and practice.

DONALDSON, J. S. *Railway accounting, mental and mechanical.* Ry. Age Gaz., Sept. 6, 1912. Pp. 3.

A paper read before the Association of American Railway Accounting Officers in June, 1912. Discusses several short cuts in railway office organization and record keeping, substituting mechanical devices for clerks wherever possible and profitable.

FORSE, W. H., JR. *The classification of accounts as adapted to coördinate departments.* Elec. Ry. Journ., Dec. 21, 1912.

Refers to electric railways, and considers how the revenues and expenses pertaining to railway operation shall be kept separate from those of light and power, or other operations.

GILLETTE, H. P. *The use of depreciation data in rate-making and appraisal problems.* Elec. World, Nov. 2, 1912. Pp. 5.

Distinguishes between natural and functional depreciation and discusses several depreciation formulas; proposes the unit-cost formula.

GONTHIER, G. *L'organisation de la profession de comptable public dans l'Amérique du Nord.* Rev. Econ. Canadienne, Nov., 1912. Pp. 5.

Sketches the history of the accountancy profession in North America, especially in the United States.

HAGENAH, W. J. *Intangible values of electric railways and their determination from accounts.* Elec. Ry. Journ., Oct. 9, 1912. Pp. 5.

Centers around the idea of a "fair return" upon capital invested in electric railways. The tendency of commissions is to allow a fair rate upon the "cost of reproduction," but this basis of capitalization does not regard many costs which the inventor actually incurred, for example, deficits in early operation, cost of consolidations, discarding of old and impartially up-to-date machines, etc. These costs should be capitalized and a fair return allowed upon them.

JENKINS, F. P. *Some notes on trust accounts.* Accountant, Oct. 19, 1912. Pp. 4.

LASHER, F. B. and others. *Report of the joint committee on engineering accounting*. Elec. Ry. Journ., Oct. 11, 1912. Pp. 5.

Urges the subdivision of the maintenance of equipment accounts, into power and plant equipment, and rolling stock equipment. Discusses scientific management, depreciation, costkeeping, etc.

LEAKE, P. D. *The need of present accounting for part unexpired capital outlay*. Accountant, Oct. 12, 1912. Pp. 6.

Considers outlay on plant as prepaid expense, and depreciation is the amount of this expense that has been consumed through the passage of time. The year's depreciation should be in proportion to the total expected output of the plant.

LEAKE, P. D. *The use and misuse of the sinking fund*. Accountant, Nov. 23, 1912. Pp. 6.

Shows that the existence of a sinking fund often creates a false sense of financial security.

NELSON, C. H. *Modern accountancy in its relation to commerce*. Accountant, Nov. 30, 1912. Pp. 7.

POTTER, J. *Debentures*. Accountant, Oct. 26, 1912. Pp. 6.

Describes the nature of debenture bonds under English law and practice.

SALIERS, E. A. *Compulsory depreciation charge*. Journ. Account., Dec., 1912. Pp. 6.

Considers the advisability of requiring by law proper depreciation charges before net profits can be applied to dividends.

SCOTT, G. G. *Invoice discounts*. Journ. Account, Dec., 1912. Pp. 9.

Considers the nature of invoice discounts, especially how such discounts affect cost values of goods. Holds that discounts are costs and are not to be considered as interest.

SCOVELL, C. H. *Sound accounting in credit relations*. Journ. Account., Nov., 1912. Pp. 17.

Emphasizes that bank credit should be extended to a concern only when its statement of assets and liabilities has been certified by a firm of high-class auditors.

SMITH, A. *The abuse of the audit in selling securities*. Journ. Account., Oct., 1912. Pp. 11.

WILLIAMS, H. D. *Trust company audits*. Journ. Account., Oct., Nov., Dec., 1912. Pp. 6, 12, 20.

————— *Fixed charges and power cost*. Electric Ry. Journ., Oct. 26, 1912. Pp. 2.

Argues that fixed charges of plant should be included in calculations of power costs.

————— *Report of committee on finance and currency submitted at meeting of the chamber held October 3d and unanimously adopted*. Mo. Bull. N. Y. Chamber of Commerce, Nov., 1912. Pp. 40.

Surveys what has been done toward establishing the new accounting system in New York city. Progress has been slow; (1) the task has been large and complex; (2) there has been much opposition; (3)

the comptroller has had incomplete legal authority to proceed. The system's aims are: (1) a scientific budget; (2) control over expenditures and supplies; (3) a functional cost-system for all departments; (4) periodical financial statements.

Report of the joint committee on express and freight accounting. Elec. Ry. Journ., Oct. 10, 1912. P. 1.

Considers possible plans of dividing the operating expenses of an electric railway company between the passenger and goods traffic. No satisfactory plan yet worked out.

What is plant? Accountant, Nov. 30, 1912. Pp. 4.

Legally defined: all goods and chattels which a business man keeps for permanent employment in his business. In any concrete case, the term lacks definite limitations.

Public Utilities

ALLISON, J. E. *Ethical and economic elements in public service valuation.* Quart. Journ. Econ., Nov., 1912.

BOYER, W. C. *Physical appraisal.* Pro. Brooklyn Engrs' Club, Jan., 1912.

CRAVATH, J. R. *Street-lighting rates.* Elec. Wld., Oct. 5, 1912.

CROSBY, O. T. *Automatic rate regulation.* Elec. Ry. Journ., Oct. 11, 1912.

GANNON, L. A. *Electric franchises.* Can. Engr., Aug. 29, 1912.

JACKSON, HENRY D. *Rates for electricity.* Engg. Mag., Dec., 1912.

KNOWLES, M. *State regulation of public utilities.* Engg. News, Oct. 3, 1912.

MEADE, E. S. *How the investment banker investigates public utilities.* Lippincott, Oct., 1912.

NASH, L. R. *Valuation of public service properties.* Stone & Webster Pub. Serv. Journ., Oct., 1912.

RAFFALOVICH, A. *Les régies municipales intéressées en Allemagne: la participation du capital privé aux entreprises des villes.* L'Econ. Franc., Dec. 30, 1912.

STEARNS, R. B. *The Milwaukee fare case.* Elec. Ry. Journ., Oct. 11, 1912.

TANGORRA, V. *Delle pubbliche imprese e delle entrate che ne provengono.* Giorn. d. Econ., Mar., 1912.

A systematic study of the basis of rates, in public service industries. VITTINGHOFF, H. VON. *The regulation of the service rendered by gas companies.* Stone & Webster Pub. Serv. Journ., Oct., 1912.

Annual conference of the municipal tramways association of Great Britain. Elec. Ry. Journ., Nov. 2, 1912.

The appraisal of intangible values in public utilities. Elec. Wld., Oct. 26, 1912.

The appraisal of public service properties as a basis for the regulation of rates. Discussion of the paper of C. E. Grunsky. Pro. Am. Soc. of Civ. Engrs., Aug., 1912.

Bibliography of interest to public service corporations. Special Libraries, Nov., 1912.

A comparative study of the four principal methods of appraisal.

ing the value of public utilities, with special reference to the valuation of the Freeport (Ill.) water works properties. Engg. & Con., Oct. 2, 1912.

Decision of Wisconsin commission in Superior case. Elec. Ry. Journ., Nov. 23, 1912.

Operations of the companies under the 1907 ordinances. Elec. Ry. Journ., Oct. 5, 1912.

Report of committee for determining the proper basis for rates and fares. Elec. Ry. Journ., Nov. 30, 1912.

Corporations and Trusts

(Abstracts by M. H. Robinson)

ANDERSON, B. M. *Competition versus monopoly the issue*. Independent, Oct. 31, 1912.

Roosevelt is in favor of the monopolization of various manufacturing industries, and Wilson is opposed. Examines some of the economies of combination and advocates the views credited to Wilson.

COOKE, F. H. *The need and proper scope of federal legislation against restrictions upon competition*. Am. Law Rev., Sept.-Oct.

Distinguishes between restraint of trade and restriction of competition, and shows that the courts have emphasized the former. Believes more attention should be given to the latter.

HART, W. G. *The place of trusts in jurisprudence*. Law Quart. Rev., July, 1912.

JAHN, G. *Ursachen und Triebkräfte der Privatangestelltenbewegung*. Zeitschr. f. Socialwis., Dec., 1912.

Production in large establishments has developed a class intermediary between laborers and officers. This class is increasing and its rise has already occasioned new social problems, such as pensions, care of the sick, and political protection for the new class.

KENNEDY, J. S. *The New York public service commissions*. Forum, Nov., 1912.

An excellent review of the first five years' work of the New York Public Service Commission, by its secretary.

LANDSBURGH, A. *Prospekthaftung*. Die Bank, Nov., 1912.

A discussion of the responsibility of the promoter for statements made in the prospectus and the effect of recent decisions of the German courts.

LUCE, R. *Publicity and trusts*. Rev. Rev., Sept., 1912.

Explains the Canadian and Massachusetts systems of dealing with the trust problem by means of investigating commissions.

MAYER, J. *The just value of monopolies and the regulation of the prices of their products*. Pro. Am. Soc. of Civ. Engrs., Aug., 1912.

A further discussion of the problem of controlling monopolies, including value, justice, and the control of prices. Favorable to the commission method.

MONTAGUE, G. H. *The American patent system*. No. Am. Rev., Nov., 1912.

The American patent system is explained, theoretically and historically, and strongly defended. All changes proposed in Congress in recent years are opposed.

MONTGOMERY, R. H. *Federal control of corporations*. Journ. Account., Oct., 1912.

Some kind of federal control of corporations is imminent, and it is necessary that future legislation on the subject be carefully considered by experts. In this work public accounts must be utilized if the control is to be successful.

PINNER, F. *Herrn v. Gwinner's petroleummonopol*. Die Bank, Nov., 1912.

History of the petroleum situation in Germany during the past year, indicating that the Standard Oil Co. has not suffered, and predicting that a legalized monopoly will prove a stumbling block in the future.

REDDING, L. L. *The coal monopoly*. Everybody's, Dec., 1912.

Although based upon the government records in the Anthracite case, the article is punctuated with misleading statements, rendering it of no value to the student, and a cause of misunderstanding to the uninformed.

STEVENS, W. S. *The dissolution of the powder trust*. Quart. Journ. Econ., Nov., 1912.

A brief description of the plan for the dissolution of the powder trust and the creation of competing companies. Author expresses doubt as to the efficiency of the plan.

The combines investigation act, 1910—United Shoe Machinery Company case. Labour Gaz., Nov., 1912.

Report of the committee appointed to investigate the operations of the company in Canada; also a minority report. As this is one of the first cases under the Canadian act, it possesses special interest.

Labor and Labor Organizations

(Abstracts by George E. Barnett)

BADGER, J. S. *Arbitration in Australia*. Elec. Ry. Journ., Oct. 10, 1912. Pp. 2.

The unions will not submit when the awards are adverse, and it is impossible to imprison large numbers of workmen. The writer is manager of the Brisbane (Australia) Tramway Company.

DE BOYER-MONTEGUT, R. *Les bureaux de placement municipaux et les bourses de travail*. Réf. Soc., Nov. 16, 1912. Pp. 14.

Inferior results obtained by the French system of public employment offices chiefly due to the lack of coördination between the offices.

CARLTON, F. T. *Scientific management and the wage-earner*. Journ. Pol. Econ., Oct., 1912. Pp. 10.

Efficiency engineering can be highly successful only when the coöperation of the workmen is secured, and this can be done only through the introduction of collective bargaining.

GAUMONT, J. *La vie chère et le syndicalisme*. Rev. Socialiste, Sept. 15, 1912. Pp. 13.

Syndicalism has small effect on the factors tending to increase the cost of living. Coöperation of consumers is the remedy.

GIGOT, A. *La grève noire de 1912 en angleterre*. Réf. Soc., Nov., 1912. Pp. 19.

The causes leading to the English coal strike, negotiations, enactment of the miners' minimum wage law, and effect of the law on wages.

GOMPERS, S. *Compulsory arbitration in the R.R. engineers' award*. Am. Federationist, Jan., 1913. Pp. 16.

Strongly opposes the recommendation in favor of compulsory arbitration made by the arbitration board.

GUYOT, Y. *La réglementation du travail des employés*. Journ. des Econ., Dec., 1912. Pp. 16.

Caustic review of the evidence taken by the Conseil Superior de Travail concerning the effects of the regulation of working hours in mercantile establishments.

H. F. *La main-d'oeuvre étrangère*. Bull. de l'Assoc. Intern. pour la Lutte contre le Chômage, July-Sept., 1912. Pp. 14.

Discusses the extent to which foreign workmen are employed in France, the existing and proposed regulations relating to such workmen, and the feeling among employers and native workmen as to the desirability of restrictive measures.

HIRST, F. W. *Der englische Kohlenstreik*. Jahrb. f. Nat. Oek., May, 1912. Pp. 28.

A detailed and excellent account of the strike.

HOLDER, A. E. *Railroad strikes since 1877*. Am. Federationist, Nov., 1912; Jan., 1913. Pp. 3, 4.

Deals with the strike on the Louisville and Nashville Railroad and the strike on the Toledo and Ann Arbor Railroad in 1893.

JACKSON, C. *Apprenticeship*. Edinb. Rev., Nov., 1912.

Ought immediately to raise the age of full time attendance at school to fifteen and make some provision for part time instruction till eighteen.

KELLEY, F. *Minimum-wage laws*. Journ. Pol. Econ., Dec., 1912. Pp. 11.

Brief account of the Massachusetts law and some considerations in favor of the enactment of minimum wage laws.

KLEIN, F. *Soziale Schutzvorschriften für Privatangestellte*. Zeitschr. f. Volkswirtsch. 1912. Pp. 31.

A summary of existing social legislation in Germany and Austria, with brief consideration of the desirability of extending each of the forms of legislation to cover classes of workers not at present included.

KOEPPE, H. *Die Fortschritte des Arbeitstarifvertrages in Deutschland, Oesterreich und Grossbritannien*. Jahrb. f. Nat. Oek., July, 1912. Pp. 28.

A review and summary of recent official publications dealing with collective contracts.

IACOMBE, E. *La question des dix heures*. Mouv. Soc., Nov. 15, 1912. Pp. 24.

Probable effects of the enactment of the bill introduced July 7, 1910, which imposes the ten-hour day on the great mass of French adult male workmen.

DE LAS CASES, P. *Les subventions municipales aux caisses de chômage*. Réf. Soc., Nov. 16, 1912. Pp. 7.

A brief review of the growth of the so-called "Ghent system" of unemployment insurance, under which the cities or, in some cases, the state subsidizes the unions paying such insurance.

LAUCK, W. J. *The vanishing American wage-earner*. Atlantic, Nov., 1912.

Machinery makes possible the employment of unskilled immigrants, who take the place of the natives.

LAZARD, M. *Les bureaux de placement en France et à l'étranger*. Réf. Soc., Nov. 16, 1912.

The most important developments in the recent history of employment bureaus have been the tendencies toward centralization and state management.

LEWIS, H. T. *The economic basis of the fight for the closed shop*. Journ. Pol. Econ., Nov., 1912. Pp. 25.

The closed shop prevents the breaking-down of union conditions through the introduction of lower paid workmen, particularly immigrants.

LOUIS, P. *La fédération des syndicats néerlandais*. Mus. Soc. Mém., Oct., 1912. Pp. 30.

The history, composition, and functions of the federation are briefly described.

LUSK, H. H. *Industrial war*. Forum, Nov., 1912.

Arbitration is merely a temporizing remedy. Regulation of wages and dividend rates by law is necessary.

MARRIOTT, J. A. R. *Syndicalism and socialism*. Nineteenth Cent., Nov., 1912.

The social unrest is due chiefly to the prevalence among laborers of erroneous economic views.

NIELSEN, A. *Den engelske kulstrejke og dens Bilæggelse*. Nat. ök. Tids., July-Aug., 1912.

An account of the settlement of the recent coal strike in England through the enactment of the minimum wage law.

ORTH, S. P. *Battle line of labor*. World's Wk., Nov., Dec., 1912; Jan., 1913.

The conflict between laborers and employers described in concrete terms.

PIC, P. *Le minimum legal de salaire dans l'industrie privée*. Rev. Polit. et Parl., Sept. 10, 1912. Pp. 21.

Favors the legal recognition and enforcement of agreements between trade unions and employers.

PRATT, J. H. *Convict-labor in highway construction*. Engg. & Con., Oct. 23, 1912.

Discusses the economic aspects of the employment of convicts in road construction.

SCHMIDT, E. *Arbeitslohn und Produktionstechnik in der Heimarbeit*. Zeitschr. f. Socialwis., Nov., Dec., 1912. Pp. 14, 13.

Argues against the enactment of a minimum wage law for German home workers. The home worker can only be helped by improvements in technique, particularly the introduction of electrical power.

SOREH, R. *Untersuchungen über Auslese und Anpassung der Arbeiter*. Zeitschr. f. Volkswirtsch., 1912. Pp. 21.

A critical summary of the study of the selective and adaptive influences of the factory system on the workers, recently made by the Verein für Sozialpolitik.

URBAN, W. M. *The philosophy of labor*. Atlantic, Dec., 1912.

WARE, F. *Labour and internationalism*. Nineteenth Cent., Sept., 1913. Pp. 12.

After reviewing the history of internationalism, concludes that the efforts towards internationalism "show no more signs of practical achievement today than at any former period."

WEBB, S. *The economic theory of a legal minimum wage*. Journ. Pol. Econ., Dec., 1912.

The enforcement of a legal minimum wage will increase production. Those thrown out of employment must be dealt with outside ordinary industry.

ZAMANSKI, J. *La femme doit-elle travailler?* Mouv. Social, Nov. 15, 1912. Pp. 15.

A philosophic consideration of the reasons for special legislation for female workers and of the forms which such legislation should take.

ZIMMERMANN, W. *Organisationszwang*. Soziale Praxis, Oct. 3, 1912. Pp. 3.

A critical review and summary of Kestner's *Wesen der Organisationszwang*.

International trade union statistics. N. Y. Lab. Bull., Sept., 1912. Pp. 21.

The outlook for industrial peace. Ann. Am. Acad., Nov., 1912. Pp. 143.

A valuable series of papers on conciliation and arbitration, profit-sharing, industrial betterment, scientific management and industrial education in their relations to industrial peace.

The Pole and Slav as track laborers. Ry. Age Gaz., Oct. 18, 1912. Pp. 3.

The fifth of a series of discussions by railroad supervisors of the characteristics of the various types of maintenance-of-way workmen.

Some paradoxes of workingmen's compensation. Stone & Webster Pub. Serv. Journ., Nov., 1912. Pp. 4.

Under the Massachusetts Workingmen's Compensation Act the cost of medical and hospital service in accident cases has greatly increased.

————— *The Zurich conference.* World's Lab. Laws, Nov., 1912. Pp. 20.

A brief account of the Zurich conference of the International Association for Labor Legislation.

————— *Une enquête hollandaise sur l'emploi des femmes mariées dans les fabriques.* L'Econ. Franç., Sept. 28, 1912. Pp. 2.

The chief statistical facts of a report on this subject by the Dutch Bureau of Labor.

Der Dresdner Kongress der christlichen Gewerkschaften.
Soziale Praxis, Oct. 17, 1912. Pp. 6.

Summaries of the more important resolutions and discussions.

Prices and Cost of Living

(Abstracts by Henry J. Harris)

APELT, K. *Die neuzeitliche Entwicklung der Baumwollpreise und das Baumwollpreisproblem.* Jahrb. f. Nat. Oek., Sept., 1912. Pp. 46.

Price of cotton is subject to violent fluctuations, e.g., middling upland during 1911 ranged from 9.2 cents to 16.15 cents, or 75.5 per cent variation; also in recent years there has been a marked increase both in the fluctuations and in the level of price. Efforts of growers and of spinners to organize for the purpose of taking advantage of the fluctuations for their respective groups have so far met with little success. Need of extension of cotton growing in parts of the world outside of the United States.

BAUER, J. *Rising prices and the public.* Pop. Sci. Mo., Dec., 1912. Pp. 9.

A period of rising prices causes hardships to certain groups; speculation and extravagance are stimulated. Sound business is hampered by the risk in making long-term contracts.

BLACKMAN, W. F. *The increasing cost of living; its cause and cure.* Rollins College Bull., Dec., 1912.

Accepts the gold theory.

BRANDT-WYT, R. *Hauswirtschaftliche Nahrungsmittelkonsumtion.* Jahrb. f. Ges. Verw. u. Volksw. 66 Jahrg., Heft 2. Pp. 33.

Shows the proportion of income and expenditure devoted to food in the light of recent studies on the cost of living. These expenditures in private families are contrasted with those for the same purpose in institutions, e.g., barracks, hospitals, prisons, etc., where a scientific dietary is in use. The private family pays high prices and is not well nourished.

BUSCH, A. *Die Preisbewegungen auf dem Lebensmittelmarkt zu Frankfurt a. M. und deren Einfluss auf die Haushaltsführung der Bevölkerung.* Beiträge zur Statistik der Stadt Frankfurt a. M., herausgegeben durch das Statistische Amt, No. 10, Oct., 1912. Pp. 58.

A careful, thorough study of the course of prices of meats and vegetables in the city of Frankfort-on-the-Main. Wholesale and some retail prices are given for 1900-1911, together with elaborate charts.

COHEN, E. *Livets Dyrhed*. Nat. ök. Tids., May-June, 1912.

A study of the increased cost of living, based on statistics from 1897 and on. Higher wages and increasing difficulties in producing enough raw material and food products are fully as important factors as the increased gold supply. Retail prices are materially increased by demands for better equipment and service. Different classes are raising their standards of living.

COX, H. *Politics and prices*. Edinburgh Rev., Oct., 1912. Pp. 19.

Writer insists that "there is not a scrap of reliable evidence that the general purchasing power of the golden sovereign has declined." The depreciation of British government securities is due to the policies of the Lloyd-George administration.

FERRIN, A. W. *The high cost of living*. Moody's Mag., Nov., 1912. Pp. 4.

Advocates Professor Irving Fisher's plan for an international commission to study prices.

FISHER, I. *High cost of living*. No. Am. Rev., Dec., 1912. Pp. 18.

Estimates that there will probably be an annual average increase in prices of at least two per cent for some years, though there is a possibility or even probability of temporary recessions like that following the crisis of 1907.

JORDAN, D. S. *Taxing the cost of living*. World's Wk., Jan., 1913. Pp. 9.

Fall in the value of gold due to excessive and growing financial exactions, "produced by the steadily growing encroachment of government on the individual through the indirect tax and the deferred payment, the two agencies of tyranny in the past, now used for the self-oppression of democracy."

NICHOLSON, J. S. *The rise of prices and the quantity theory*. Quart. Rev., Oct., 1912. Pp. 16.

Considers Professor Fisher's rehabilitation of the quantity theory unsuccessful. In some respects the revised version is retrograde.

OLMSTED, V. H. *The purchasing power of farm products*. Annual Report of Dept. of Agriculture, 1912. Pp. 8.

Tables showing farm prices of farm products in 1911, 1910, 1909, and 1899; prices of articles purchased by farmers in these years; quantities purchasable by product of one acre in these years. "It appears that the purchasing power of one acre of crops in 1911 was 1.2 per cent less than in 1910, 5.7 per cent less than in 1909, and 41.6 per cent greater than in 1899."

PERROTT, H. R. *The family budget of an Indian raiyat*. Econ. Journ., Sept., 1912. Pp. 7.

An account of the possessions, income and expenditure of a typical small cultivator in India.

PRATT, E. E. *Marketing facilities and their relation to the cost of living*. Journ. Home Econ., Oct., 1912. Pp. 9.

Present methods of marketing food supplies, wasteful and inadequate. Remedies suggested are coöperation, better terminals, and municipal markets,

RETZBACH, A. *Die Preisentwicklung seit dem Beginn des neuen Jahrhunderts.* Soz. Rev., Nov. 1, 1912. Pp. 24.

The increase of prices of food products in the last decade is due to higher wages, speculation in agricultural products, increasing demand from urban population, and higher costs of distribution.

————— *Farm value of important [agricultural] products. Index price of farm products. Farm value of important crops. Range of prices of agricultural products at important markets.* Crop Reporter, Nov., 1912. Pp. 3.

Tables giving prices up to November 1, 1912.

Index numbers. Bull. l'Inst. Intern. Statist, XIX, 3. Pp. 120.

The secretary general of the International Statistical Institute addressed, on January 31, 1911, a circular letter to the members, requesting them to send to the Institute tables of index numbers of prices for the period 1881-1910. In reply to this circular, data referring to the countries specified below were received from the persons named; in some cases explanatory matter accompanied the tables.

Bavaria—Dr. F. Zahn, 1881-1910; City of Brunswick—F. W. R. Zimmermann, 1881-1910; City of Lübeck—Dr. Hartwig, 1886-1910; Austria-Hungary—Dr. Jankovich, 1867-1909; Belgium—H. Denis, 1850-1910; E. Nicolai, 1881-1910; M. Sauveur, 1881-1909; City of Brussels—E. Waxweiler, 1881-1910; Denmark—M. Kocfoed, 1891-1910; France—A. de Foville, 1881-1910; L. March, 1881-1910; City of Amsterdam—P. Falkenburg, 1881-1911; Holland—H. W. Meihorst, 1881-1911; Canada—Coats and Godfrey, 1890-1910; Japan—N. Hanabusa, 1881-1909; New South Wales—T. A. Coghlan, 1860-1910.

————— *Report on cost of living commission.* Journ. Dept. Labour (New Zealand), Oct., 1912. Pp. 20.

Summary of commission's report. Commission finds that cost of living has increased at least 16 per cent in 20 years, food stuffs 20 per cent. Land has increased in value because of rise in agricultural products; standard of living has risen; trusts, etc. have had an "appreciable influence" in raising prices. Leading causes of rise in prices include increased money supply, higher cost of production, rural depopulation, and diminishing returns from natural resources. Commission's recommendations include improved statistics, international commission on cost of living, better school system, stricter regulation of trusts, dissolution of land monopolies, and municipal ownership of markets.

————— *Coût de la vie.—Suisse, Suède, Finlande, Danemark, Australie.* Bull. Stat. Gén. de la France, Oct., 1912. Pp. 8.

Digests of official reports: Switzerland, on railway employees in 1911; Sweden, on prices and rents in 1904-9; Finland, on 380 workmen's families in 1908-9; Australia, on 212 families in 1910-11.

————— *Die Fleishteuerung vor dem Reichstag.* Soziale Praxis, Dec. 5, 1912. P. 1.

Summary of three-day debate in Reichstag on proposals to reduce price of meats by lowering tariff on fodder, amending meat inspection law, raising embargo on meat importations, and abolishing importation certificates. Government refused to accept these proposals and declared that relief must come from action by the various states. Chancellor suggested that cities make contracts with cattle raisers, eliminating the middleman; states should encourage cattle raising and fodder growing; municipalities should improve marketing facilities.

Die Kosten der Lebenshaltung russischer Arbeiter und Arbeiterinnen. Reichs-Arbeitsblatt, Nov., 1912. Pp. 3.

Gives summary of study made in 1908 of 632 budgets of Russian wage-earners.

Statistik der Preise im Jahre 1911. Zeitschr. Bay. Stat. Landesamts, No. 2-3, 1912. Pp. 12.

Average or predominant prices for Bavaria and for 69 Bavarian localities in 1911; principally food products.

Zur Statistik der Preise. Vierteljahrshefte z. Stat. d. Deutschen Reichs, No. 2, 1912. Pp. 8.

A special compilation of prices. Gives prices of cattle in ten German cities and in foreign countries for the first quarter of years 1908-1912; wheat prices on German and foreign exchanges for 1907-1911; coffee in Hamburg and Mannheim, 1884-1911; wool in German markets, 1902-1911; wholesale prices of important commodities in London by months for 1906-1910, and iron ore prices in England for 1890-1910.

Zur Statistik der Preise. Vierteljahrshefte z. Stat. d. Deutschen Reichs, No. 3, 1912. Pp. 8.

A special compilation of price statistics on: cattle prices in 10 German cities in the second quarter of the years 1908-1912; same for foreign countries; cattle prices by months on German markets for year 1911; meat prices in 4 English cities for 1908-1911; wholesale prices of wheat in 6 Austrian markets for 1908-1911.

Public Finance

(Abstracts by C. C. Williamson)

BARONE, E. *Studi di economia finanziaria.* Giorn. d. Econ., Apr.-May, 1912. Pp. 45.

Several studies in the theory of finance, concerning the general theory of taxation and the incidence of taxes. Illustrated by an extended series of diagrams.

BROCK, F. H. *Om den lämpligastemetoden för var sockerbeskattning.* Ek. Tids., Nos. 9, 10, 1912.

Reviews briefly the law of monopoly price and on this basis tries to show that the most satisfactory way to tax the sugar industry in Sweden would be to levy a sliding scale tax on production, increasing the tax with the increasing prices of the product.

BUCK, L. *Die Entwicklung des Steuersolls bei den kleinen und mittleren Einkommen in Preussen seit der Novelle vom 26. Mai 1909.* Verwaltung und Statistik., July-Aug., 1912. Pp. 12.

BYRNE, H. D. *Single taxation.* Case and Comment., Dec., 1912. Pp. 3.

CABIATI, A. *La nominatività dei titoli al portatore e la imposta di successione.* Rif. Soc., Nov., 1912. Pp. 61.

CLARKE, J. A. *Taxation.* Canadian Munic. Journ., Oct., 1912. P. 1.

The author is an alderman of Edmonton, Canada. He advocates a simple land tax with exemption of improvements such as has been adopted in his own city.

CLEVELAND, F. A. *The federal budget: what the president is trying to do by way of budget making for the national government.* Pro. N. Y. Acad. Pol. Sci., Jan., 1913. Pp. 17.

DAVIDSON, D. *Till fragan om utländsk skuldsättning.* Ek. Tids., No. 10, 1912.

Reviews arguments against a state's placing loans in foreign countries, and concludes that dependence on home capital exclusively would generally lead to invasion of foreign capital in forms other than state loans; for example, private loans at higher rates of interest or investments made by foreigners.

DEHORITY, W. A. *Result of three years' experience with the Indiana accounting law.* Public Officials Mag., Oct.-Nov., 1912. Pp. 18.

DICKREITER, H. G. *Steuerpolitisches aus einem Kleinstaate.* Kommunale Praxis, Dec. 21, 1912. Pp. 3.

A study of the financial conditions of Altenberg.

DOLGE, W. *Budgets.* Pacific Municipalities, Oct., 1912. Pp. 4.

ESTRICH, W. A. *Theories of mortgage taxation.* Case and Comment, Dec., 1912. Pp. 6.

FITZ, H. *Wein und Weinststeuer.* Ann. deut. Reichs, Nov. 7, 1912. Pp. 32.

FLORA, F. *Le finanze della guerra.* Rif. Soc., Oct., 1912. Pp. 42.

A study of national policy as to public loans and taxes as a necessary resort for modern nations that engage in war; written apropos of the Italian war.

FROST, T. G. *The federal corporation tax.* Case and Comment, Dec., 1912. Pp. 6.

GABRIEL, G. *Le rôle économique des municipalités en suisse.* Réf. Soc., Dec. 16, 1912. Pp. 24.

GEISSER, A. *Della tassa domestici e di alcuni minori tributi locali.* Rif. Soc., July-Aug., Sept., 1912. Pp. 37.

GINTY, J. *Equitable assessments.* Pacific Municipalities, Oct., 1912. Pp. 3.

GOEDSEELS, J. *Les régies allemandes.* Réf. Soc., Oct., 1912. Pp. 6.

Author finds that municipal ownership of water supply, street cars, and gas and electric lighting in German cities is financially successful, as a rule, showing an even larger net profit than privately owned utilities; a result not due to higher rates but to more efficient management.

GOHN, G. *Depreciation of government securities in Germany.* Econ. Journ., Dec., 1912. Pp. 9.

GRAB, N. S. B. *The origin of the national customs-revenue of England.* Quart. Journ. Econ., Nov., 1912. Pp. 43.

Scholarly examination of all that is known concerning the early history of the English customs. Holds that most of the theories and conclusions of such writers as Hall, Dowell, and Stubbs are erroneous or of doubtful validity.

HARRIS, R. V. *Exempted government property in Canadian cities and towns.* Canadian Munic. Journ., Oct., 1912. Pp. 2.

HEPBURN, W. *A defense of the single tax as adopted in Vancouver, B. C.* Canadian Munic. Journ., Oct., 1912. P. 1.

HOMAN, B. *Die erste staatliche direkte Steuer. Ein Beitrag zur europäischen Steuergeschichte.* Ungarische Rundschau, Jahrg. 1, Pp. 41.

INOUE. *Government and the state finances.* Japan Finan. and Econ. Monthly, Nov., 1912. Pp. 3.

JENSEN, A. *Skattereformen of 1912.* Nat. ök. Tids., July-Aug., 1912.

A review of the tax legislation in Denmark during the period 1903-1912, discussing in particular the special features of the tax reform of 1912.

JORDAN, D. S. *Taxing the cost of living.* World's Wk., Jan., 1913. Pp. 9.

How the governments of all civilized nations, by spendthrift expenditures, are saddling the world with interest-bearing debt and thereby are depreciating the value of money. The relation of armies and navies to these debts.

K. *Die Gemeindesteuern der preussischen Städte und grösseren Landgemeinden.* Verwaltung und Statistik, July, 1912. Pp. 3.

KASSON, F. *The system of assessments in Palo Alto.* Pacific Municipalities, Oct., 1912. Pp. 1½.

KATASKA, C. *Government and the state finances.* Japan Finan. and Econ. Monthly, Nov., 1912. Pp. 3.

KATZENSTEIN, I. *Der preussische Staatsschatz und der Reichskriegsschatz.* Jahrb. f. Gesetzg., Jahrg. 36. Pp. 34.

KENNAN, K. K. *The Wisconsin income tax law.* Case and Comment, Dec., 1912. Pp. 7.

KIERSTADT, W. C. *Reform in local taxation by the taxation of land.* Canadian Munic. Journ., Dec., 1912. Pp. 3.

LANSEBURGH, A. *Geeignete und ungeeignete Mittel zur Hebung des Kurses der Staatspapiere. II.* Die Bank, Oct., 1912. Pp. 17.

LANSEBURGH, A. *Gemischte wirtschaftliche Unternehmung.* Die Bank, Dec., 1912. Pp. 12.

A discussion of the advantages of a kind of partnership between public bodies and private corporations in the ownership and operation of public utilities.

LEROY-BEAULIEU. *Le budget de la ville de Paris; les services industriels.* L'Econ. Franç., Nov. 16, 1912.

LEVY, R. G. *Les finances des états balkaniques et les bourses européennes.* Rev. d. Deux Mondes, Dec., 1912. Pp. 36.

VON LEYDEN, V. *Agrarverfassung und Grundsteuer in Britisch-Oestindien.* Jahrb. f. Gesetzg., Jahrg. 36. Pp. 58.

LONG, P. V. *The doctrine of excess condemnation.* Pacific Municipalities, Oct., 1912. Pp. 4.

MACLIERE, C. *Le rapport de M. Dalimier et la discussion à la chambre sur le budget des postes et des télégraphes.* Journ. des Econ., Dec. 15, 1912. Pp. 20.

Author makes use of the defects brought to light in the administration of the posts and telegraphs to argue that these are, after all, not proper functions for the state to undertake.

NORMAND, J. *Les contributions directes et les taxes assimilées à Paris et dans le département de la Seine.* L'Econ. Franç., Nov. 2, 1912.

OSBORNE, A. W. *Taxes levied by Iowa town councils.* City Hall-Midland Municipalities, July, 1912. Pp. 4.

PALGRAVE, R. I. *The proposed land taxes.* Nat. Rev., Nov., 1912. Pp. 8.

PEGARD, P. *Le régime douanier colonial.* Rev. Sci. Pol., Sept.-Oct., 1912. Pp. 18.

PERRIE, J. *System of taxation in force in the province of Alberta.* Canadian Munic. Journ., Oct., 1912. P. 1.

PLEYDELL, A. C. *Tax measures of 1912.* Am. Pol. Sci. Rev., Nov., 1912. Pp. 9.

POLET, G. *Les régies municipales en Belgique et la question des distributions d'eau.* Réf. Soc., Nov., 1912.

Municipal ownership plays a comparatively small role in Belgium, except in the case of water supply. But the water supply is inadequate chiefly because the units are too numerous and unrelated. Large intercommunal undertakings privately organized and financed by public funds recommended.

POST, L. F. *The taxation of land values.* Case and Comment, Dec., 1912. Pp. 3.

POST, L. F. *Taxation in Philadelphia.* Nat. Munic. Rev., Jan., 1913. Pp. 11.

A criticism of Mayor Blaukenburg's tax proposals from single-tax point of view.

PRATO, G. *Di alcune recenti teorie sul capitale e sul reddito e delle loro conseguenze tributarie.* Rif. Soc., Nov., 1912. Pp. 49.

RAFFALOVICH, A. *Les régies municipales intéressées en allemandes.* L'Econ. Franç., Nov. 30, 1912. Pp. 2.

READ, T. T. *China's great problem.* Pop. Sci. Mo., Nov., 1912. Pp. 8.

Cursory criticism of existing sources of revenue, with suggestions for new sources.

REDDICK, G. T. *Transient merchant and peddler's licenses*. American Municipalities, Dec., 1912. Pp. 4.

REUBER, A. and H. *Bemerkungen zur mathematischen Ausgestaltung der Einkommensteuer in Preussen*. Ann. deut. Reichs, No. 9, 1912. Pp. 3.

RICHARDSON, C. *The economics of highway construction*. Am. City, Jan., 1913. Pp. 3.

The danger of paying for short-lived improvements by long-term bonds. A tax on automobiles and on gasoline advocated as an aid to road maintenance.

ROSS, P. V. *Inheritance taxation*. Case and Comment, Dec., 1912. Pp. 5.

SALEFRANQUE, L. *Etat général et comparatif du régime fiscal de la France*. Journ. Soc. Statist., Dec., 1912. Pp. 11.

SCHWARTZ, L. B. *The single tax as a fiscal policy*. Case and Comment, Dec., 1912. Pp. 6.

SEILER, L. C. *Municipal assessment and fiscal efficiency*. City Club Bull. (Phila.), Oct. 31, 1912. Pp. 12.

A description and criticism of the present methods of assessing real estate in Philadelphia, with suggestions for the adoption of a scientific and efficient system.

SEIGMAN, E. R. A. *Recent tax reforms abroad. II*. Pol. Sci. Quart., Dec., 1912. Pp. 27.

This second article of the series discusses the German reforms of 1909-10, which especially concerned federal finance. Contains a brief history of the unearned increment tax.

SEVIN, I. *Ein Vorschlag zur Reichsbesitzsteuer*. Jahrb. f. Gesetzg., Jahrg. 36. Pp. 25.

SHEPARD, A. G. *Taxes and prosperity*. Case and Comment, Dec., 1912. Pp. 5.

TETZLAFF, O. *Die Finanzen der preussischen Landkreise*. Verwaltung und Statistik, Nov., 1912. Pp. 7.

Summary of an elaborate government report prepared by the author for the fiscal year 1908.

THALBITZER, C. *Vor Betalingsbalance og den udenlandske Gæld*. Nat. ök. Tids., May-June, 1912.

Examination into the administration of public finances in Denmark; the government must change its financial policy or find itself unprepared to meet creditably a financial crisis.

TOENNESEN, M. P. *Bøndernes Skatteansættelse*. Nat. ök. Tids., July-Aug., 1912.

Defends the (Danish) farmers against the charge that they through undervaluing their income escape their just share of taxation.

VIRGILII, F. *Il pedaggio sui marmi di carrara e i suoi effetti finanziari e sociali*. Ref. Soc., Dec., 1912. Pp. 12.

WARREN, G. C. *For financing pavements*. City Hall-Midland Municipalities, Aug., 1912. Pp. 2.

In favor of the method of levying special assessments in use in Utica, N. Y.

WIESINGER, C. *Die Einnahmen des deutschen Reiches aus der Zöllen und Reichssteuern im Rechnungsjahre 1911*. Ann. deut. Reichs, No. 10, 1912. Pp. 22.

WITHY, A. *New Zealand. The country and the war for its government by the people*. Single Tax Rev., Sept.-Oct., 1912.

This number is a special New Zealand number, and is of value for the history of the land tax movement in that country.

WRIGHT, J. W. *Municipal finance*. Accountant, Nov. 9, 1912. Pp. 9.

A useful article on the general financial powers and practices of British municipalities.

YOUNGMAN, A. *Frankfort-on-the-Main: a study in Prussian communal finance*. Quart. Journ. Econ., Nov., 1912. Pp. 52.

Part I of a study of the finances and financial administration of the Prussian municipalities; largely a study of the finances of one city.

ZIMMERMANN, F. W. R. *Warenhaus und Warenhaussteuer*. Zeitschr. f. d. ges. Staatswis., Jahrg. 68, 1912. Pp. 69.

China's financial condition. The Crisp loan and China's credit. Far Eastern Rev., Oct., 1912. Pp. 12.

————— *Finances municipales. Le projet de budget de la ville de Paris pour 1913*. Monde Econ., Dec. 21, 1912. Pp. 4.

————— *How France taxes securities*. N. Y. Times Annalist, Jan. 20, 1913.

Beginning with a stamp tax in 1850, it has added transfer and income tax and a new feature is contemplated.

————— *Land valuation and taxation*. Land Values, Dec., 1912. Pp. 11.

An extended and very unfavorable review of *Taxation of Land Values as It Affects Landowners and Others*, by John Orr. The monthly periodical "Land Values" is the organ of the single-tax propaganda in England.

————— *Land values conference in London*. Land Values, Nov., 1912. Pp. 14.

A digest of the proceedings of a conference to promote the taxation of land values held in Westminster, October 7, 1912.

————— *A premium on tax lying*. City Hall-Midland Municipalities, Sept., 1912. Pp. 3.

A vigorous attack on the "Smith Law" in Ohio, "a grotesque and desperate expedient to enforce that hoary iniquity, the general property tax."

————— *Statement of arguments favoring a national budget*. The Nation's Business, Nov. 8, 1912. Pp. 2.

The organ of the Chamber of Commerce of the United States of America features the report of the Commission on Economy and

Efficiency, giving a list of the newspapers supporting the reform and the opinion of many well-known public men.

A successful budget-method protest, illustrated by extracts from the report of the bureau of street cleaning, Richmond Borough, New York city. Engg. News, Dec. 26, 1912. Pp. 6.

An interesting and valuable statement of efforts to promote efficiency in the street cleaning department of the Borough of Richmond, New York city. The "protest" was against a highly segregated budget. In 1913 "appropriations for the Bureau of Highways, Sewers and Street Cleaning will be classified functionally and will be based on work quantities to be performed in each quarter of the year and on average unit and item costs."

L'enceinte de Paris construite par les fermiers généraux et la perception des droits d'octroi de la ville (1784-1791). Société de l'Histoire de Paris et de l'Île de France, Bulletin, Année 39, 1912. Pp. 34.

L'exploitation du monopole des tabacs. L'Econ. Franç., Oct. 12, 1912.

La dette publique ottomane. Mouv. Econ., Nov., 1912. Pp. 2.

Finanz- und Steuerverhältnisse in deutschen Gemeinden im Jahre 1911 bzw. 1911/12. Kommunale Praxis, Sept. 14, 1912. Pp. 23.

An elaborate and useful presentation of the financial statistics of 594 German cities.

Die Reform der Steuergesetze des Jahres 1909. Gesetzesvorlage über Abänderung und Ergänzung der Gesetzartikel VI, VII, VIII, IX, X und XI, und über hiemit Verbundene Verfügungen, samt Motivenbericht. Volkswirtsch. Mitteilungen aus Ungarn, July, 1912. Pp. 4.

Der Schuldenstand der preussischen Städte und grösseren Landgemeinden. Verwaltung und Statistik, Aug., 1912. Pp. 2.

Kritische Gedanken zu den Preussischen Einkommen- und Ergänzungs- Steuer- Gesetzentwürfen. Verwaltung und Statistik, Nov., 1912. Pp. 2.

Tariffs and Reciprocity

(Abstracts by Henry R. Mussey)

BARRAULT, H. E. *Les doctrines de Cournot sur le commerce international.* Revue d'Hist. Doct. Econ., Nos. 2-3, 1912. Pp. 15.

A criticism of Cournot's doctrine, defending him against the attacks of Edgeworth, Bastable, and others, and placing his protectionism on the same ground with List's.

BELLET, D. *Le protectionnisme honteux et les indications d'origine.* Journ. des Econ., Nov. 15, 1912.

An account of the movements among producers, like the movement for the "Made in Germany" label, intended to prevent the sale of foreign goods without giving formal protection.

DE BRAY, A. J. *La politique commerciale de l'Angleterre*. Rev. Econ. Canadienne, Sept.-Oct., 1912.

An historical sketch showing that England's commercial policy has been based on her economic interest rather than on abstract principles, and a statement of reasons why her present interest demands the continuance of present policy.

EINAUDI, L. and RIBONI, P. *Polemizzando coi siderurgici*. Rif. Soc., Dec., 1912. Pp. 40.

An attack upon the attempt of the Italian steel makers to secure tariff and other favors from the Parliament.

GRAS, N. S. B. *The origin of the national customs revenue of England*. Quart. Journ. Econ., Nov., 1912. Pp. 43.

A careful historical account of the historical origin of the English customs system, covering the years from 1050-1350.

HERZBERG, HENRY. *Fallacies of protection*. No. Am. Rev., Nov., 1912.

A revamping of the conventional high-price special-privilege arguments against protection.

HOGAN, J. V. *Russian-American commercial relations*. Pol. Sci. Quart., Dec., 1912.

A careful study of present trade relations, which shows that the termination of the treaty with Russia is likely to work serious injury to our trade, and that Russia is likely to welcome the opportunity to put hindrances in the way of imports from the United States.

DE LEENER, G. *L'unification des régimes douaniers*. Rev. Econ. Intern., Oct., 1912. Pp. 34.

A plea for international unification of tariffs, with a consideration of the difficulties and objections.

POST, C. J. *The tariff tax*. Everybody's, Nov., 1912.

Three pages of detailed statement of export prices that are lower than foreign prices, and of instances showing special privilege in the Payne-Aldrich law.

POWELL, G. H. *Conservatism and free trade*. Fortn. Rev., Nov., 1912.

Pleads for the abandonment of protection as the condition precedent to making the conservatives an effective opposition party in England.

RAFFALOVICH, A. *Frederic List et la polémique autour de ses idées en 1912*. Journ. des Econ., Dec., 1912. Pp. 8.

A brief historical sketch of List's life and doctrines, invoking the authority of the apostle of protection against present day protection in Germany.

SMETS, P. E. *La commerce extérieur des Etats-Unis*. Rev. Econ. Intern., Nov., 1912. Pp. 30.

A consideration of the foreign trade and foreign debt of the United States in their relation to the European market.

Tariff reform in its application to India. Economist, Dec. 7, 1912.

Insurance and Pensions

(Abstracts by William F. Gephart)

BELLOM, M. *La loi anglaise d'assurance sociale de 1911*. Journ. des Econ., Oct. 15, Dec. 15, 1912.

The third critical article on the English National Insurance act, treating of postal funds, administration of the law, status of existing societies, separate funds for Ireland, Scotland, and Wales, and influence of age at entry.

BELLOM, M. *Les résultats de l'assurance sociale en Allemagne*. L'Econ. Franç., Nov. 9, 1912.

An instructive survey of twenty-five years of social insurance in Germany. The writer thinks the obligatory principle should be secured on a plan of greater equity of costs among employers, employees, and the state.

BELLOM, M. *La prévoyance facultative en matière d'invalidité et de vieillesse*. L'Econ. Franç., Oct. 12, 1912.

The results of the combinations of insurance schemes which the department of old-age pensions in France permits becomes quite clear when they are illustrated by numerous examples. Shows how these combinations may be related to the previous measures of April 5, 1910 and February 27, 1912, covering pensions for industrial and agricultural working women.

BRAUER, F. *Die Wirkungen der Feuerversicherungs-Kartelle auf die Prämienhöhe*. Versicherungs-Wissenschaft, Nov., 1912.

Whatever agreements there are among fire insurance companies have arisen as a necessity, and the public has benefited from them although such agreements leave much to be desired. The associations are not guilty of the numerous charges brought against them, such as inflicting high rates, taking great profits, or unwholesome influence on legislation.

BROECKER. *Der VII. internationale Kongress für Versicherungs-Wissenschaft zu Amsterdam*. Zeitschr. f. d. ges. Versicherungsw., Nov., 1912.

Full report on the Amsterdam meeting of International Congress for the Scientific Study of Insurance. Important topics discussed were the various plans and regulations of social insurance, mortality rates since 1800, and gross premium calculations.

DAWSON, W. H. *Social insurance in England and Germany—A comparison*. Fortn. Rev., Aug., 1912.

ENSELL, E. H. *Bank service pensions*. Bankers' Mag., Nov., 1912.

FOX, H. H. *A reply to Mr. Rubinow*. Survey, Dec. 21, 1912.

Holds that Mr. Rubinow's objections are not final since provision is made for any desirable changes in the plan. Brewery workers do not change employments. Mr. Fox is secretary of the Brewers' Association, and favors the plan.

GHULEA, N. *Die neue einheitliche Sozialversicherung in Rumänien*. Zeitschr. f. d. ges. Versicherungsw., Nov., 1912.

GILLESPIE, H. B. *Provides insurance for its men.* Am. Employer, Dec., 1912.

The Michigan Stove Co. of Detroit, insured its employees under the group plan, whereby there is no medical examination. The company pays the premium. The plan is satisfactory.

HENDRICK, B. J. *Insurance for workingmen.* McClure, Dec., 1912.

A popular description of the workingmen's compensation law of Washington.

HUNTER, ARTHUR. *The medico-actuarial investigation of the mortality of American and Canadian life assurance companies.* Journ. Inst. Actuaries, Oct., 1912.

The results of an initial investigation, preliminary to the investigation which will result in a new American mortality table. Forty-three companies representing 93 per cent of the total insurance old-line insurance in force contributed to the investigation. The actual deaths were 81 per cent of the expected, according to the select table used in the specialized investigation, but the committee states that this should not be accepted as a basis for rate making.

LEFEBVRE, C. *L'exploitation légale de l'épargne.* Sept. 10, 1912. Pp. 9.

The tontine principle is a hazardous plan, due to possible unexpected losses or failures in management whereby the savings set aside may be lost.

LENNE, PAUL. *Beiträge zur Lehre vom Versicherungsgeschäft für fremde Rechnung.* Zeitschr. f. d. ges. Versicherungsw., Nov., 1912.

A discussion of the laws in regard to insuring in one's name the interests of another party.

RICHARD, P. J. *Les sociétés à forme tontinière.* Journ. des Econ., Oct. 15, 1912.

A review of the operations of the working and theory of the tontine plan among French mutual societies.

RUBINOW, I. M. *The pension plan for the brewing industry.* Survey, Dec. 21, 1912.

The plan was once rejected by the workers but is now resubmitted. Employers and employees contribute to the fund not only for old age but also for accidents. The writer objects to the latter purpose being included, for the states are providing for accidents. He points out other defects, such as no provision for workers who leave the industry after having paid into the fund.

THORSEN, C. *Revisionen af den franske Alderdomsforsikringslov.* Nat. ök. Tids., Sept.-Oct., 1912.

An account of the French old-age pension law enacted in April, 1910, and operative July 1, 1911, but which met with such general opposition and distrust that a revision became necessary, and even now is not assured of success. The writer attributes this mainly to its compulsory contributory features which the French resent.

WEIGMANN, M. *L'assicurazione contro la disoccupazione in Svizzera.* Rif. Soc., Oct., 1912. Pp. 9.

A review of Swiss cantonal and municipal insurance against unemployment.

ZAHN, DR. F. *Belastung durch die deutsche Arbeitsversicherung*. Versicherungs-Wissenschaft, Nov., 1912.

The author attempts to discover the effects of the German working-man's insurance plan upon employer, employee, and society, but concludes that the effects are decidedly of a non-material and monetary character.

American Telephone & Telegraph Company's pension system. Elec. World, Nov. 16, 1912.

This company has set aside a ten million dollar relief fund for old age or disablement. Such acts should be viewed in the light of compulsory state laws for such protection.

As to buying stock in new companies. Life Ins. Independent, Oct., 1912.

Since 1901 there has been an increase from 86 to 253 life insurance companies. There is little prospect that most of them will ever return adequate dividends.

Development and organization of mutual aid societies in France. Bull. Bur. Econ. & Soc. Intelligence, Sept., 1912.

Mutual aid societies have been popular in France; chiefly found in the rural districts, but are increasing in the cities. They are organized for accidents, old age, maternity, agricultural credit, and a variety of purposes. These two articles give an excellent discussion of the origin and working of such societies, with statistics of membership, fees, and other data.

Population and Migration

(Abstracts by William B. Bailey)

BUNLE, H. *L'émigration des peuples jaunes*. Bull. Stat. Gén., Oct., 1912. Pp. 33.

A computation has been made of the number of Chinese and Japanese emigrants during the past few years, together with the present number of these nationalities in other countries. Contains brief studies of the causes which have led to emigration and the treatment in countries to which they have gone.

COLE, L. J. *The relation of eugenics to euthenics*. Pop. Sci. Mo., Nov., 1912. Pp. 8.

The point at issue is the relative influence of heredity and environment in the development of the human race. The two methods may and should work in harmony, securing mutual advantage through intelligent coöperation.

DUPREZ, L. *L'émigration temporaire des ouvriers agricoles en France*. Bull. de l'Assoc. Intern. pour la Lutte contre le Chômage, July-Sept., 1912. Pp. 5.

About 40,000 agricultural laborers come into France annually for

temporary work. Committees have been instituted in several cities for the protection of temporary immigrants.

GEMUND, W. *Statistische Ergebnisse zum Thema: Hochsommerklima und Säuglingssterblichkeit.* Zeitschr. f. Socialwis., Nov., 1912. Pp. 5.

The summer of 1911 was extremely warm and was reflected in an increase of mortality in Prussia, more pronounced among infants than adults, and in the cities than in the rural districts.

GINI, C. *Contributi statistici di problemi dell'eugenica.* Riv. Ital. di Sociologie, May-Aug., 1912. Pp. 105.

By utilizing statistics of various countries, the author concludes that the youth of the wife and maintenance of a considerable interval between births are a means of insuring an improved quality of population.

HERSCH, L. *L'émigration des Européens aux Etats-Unis au point de vue professionnel.* Bull. de l'Assoc. Intern. pour la Lutte contre le Chômage, July-Sept., 1912. Pp. 58.

An article of very great value in studying the variation in occupation of the immigrants to this country from 1899 to 1911. These groups are studied by nationality and seasons. The article deserves careful study.

HOAGLAND, H. E. *The movement of rural population in Illinois.* Journ. Pol. Econ., Nov., 1912. Pp. 15.

The principal causes advanced for the decrease of the farm population and the increase of the village population are the increase in the use of farm machinery, the development of the building of good roads, and of rural delivery.

VON HOFFMANN, G. *L'immigration et le chômage.* Bull. de l'Assoc. Intern. pour la Lutte contre le Chômage, July-Sept., 1912. Pp. 18.

KLOTZ, M. *La commission de la dépopulation.* L'Econ. Franç., Nov. 30, Dec. 7, 1912. Pp. 3, 3.

An address delivered on November 23, 1912, by the Minister of Finance at the opening of the extra-Parliamentary Commission charged with studying the national social and fiscal questions relative to the depopulation of France, and also the means to remedy this.

ORENSTEIN, M. S. *The Servo-Croats of Manhattan.* Survey, Dec. 7, 1912. Pp. 11.

A study of 674 Servo-Croats in the west side of New York city. Of particular interest since it is almost the only intensive study which has been made of this group in the United States.

OUALID, W. *L'enquête de la commission de l'immigration et ses résultats.* Bull. de l'Assoc. Intern. pour la Lutte contre le Chômage, July-Sept., 1912. Pp. 29.

OUALID, W. *L'immigration et l'émigration de la main-d'oeuvre.* Bull. de l'Assoc. Intern. pour la Lutte contre le Chômage, July-Sept., 1912. Pp. 10.

A statistical study of Great Britain together with the occupations of aliens in certain sections of England.

PAGE, T. W. *Some economic aspects of immigration before 1780. I.* Journ. Pol. Econ., Dec., 1912. Pp. 18.

Considers the probable number of convicts and paupers shipped to the United States by foreign countries between 1830 and 1870, together with a short discussion of the extent of pauperism in the United States to be credited to foreign immigration. Most of the sources consulted are congressional reports or *Niles' Register*.

PARKER, G. *British land and British emigration.* Nineteenth Cent., Nov., 1912.

PASTERIS, E. *Una missione sul Reno.* Riv. Internazionale, Aug., 1912. Pp. 33.

Observations concerning Italian emigrants in Switzerland and southern Germany.

REED, A. C. *Going through Ellis Island.* Pop. Sci. Mo., Jan., 1913. Pp. 15.

Describes in considerable detail the examination of the immigrants, and particularly those who are suspected of disease or physical defect.

ROBERTS, P. *The Bulgarian in America.* Survey, Nov. 23, 1912. Pp. 3.

A short but comprehensive survey of the number, distribution, and occupation of the Bulgarians in the United States. It is written by a recognized authority and contains a short picture of their social condition.

SANGRO Y ROS DE OLANO, P. *L'émigration et le problème du chômage.* Bull. de l'Assoc. Intern. pour la Lutte contre le Chômage, July-Sept., 1912. Pp. 12.

Spain is much concerned over emigration since there is a scarcity of population in that country at present. The article contains a number of statistical tables showing the number of persons departing from and returning to the country together with their sex, age, and country of destination.

SCHULTZE, E. *Die Einwanderungspolitik der Vereinigten Staaten und Kanadas.* Blätter f. Vergleich. Rechtswis. Volkswirtsch., Nov., Dec., 1912. Pp. 4, 5.

The differences in the nationality of the immigrants to the United States and Canada are clearly stated, together with the attempts being made by Canada to attract immigrants from Great Britain and the countries of northwestern Europe. An article with good historical perspective.

TRAP, C. *De russiske Jøder: København.* Nat. ök. Tids., July-Aug., 1912.

A statistical survey of the Russian Jews who have settled in Copenhagen during the last ten years.

— *La dépopulation de la France.* L'Impôt Unique, Dec. 1, 1912. Pp. 7.

A somewhat superficial study of the causes of depopulation in France and proposing as remedy the adoption of the single tax.

— *Mouvement de la population.—France 1907 à 1910.* Bull. Stat. Gén., Oct., 1912. Pp. 6.

A comprehensive article covering marriage, divorce, birth, and death.

Die Dichtigkeit der Kinderbevölkerung in Glasgow. Zeitschr. f. Socialwis., Nov., 1912.

————— *Die Säuglingssterblichkeit in deutschen Großstädten 1910 und 1911.* Zeitschr. f. Socialwis., Nov., 1912. Pp. 5.

A review of a publication of the statistical bureau of the city of Munich, which compared the infant mortality in 26 German cities for the years 1910 and 1911. The connection between rate of mortality and temperature is brought out clearly.

Pauperism and Charities

(Abstracts by Frank D. Watson)

DUGE DE BERNONVILLE, L. *Les institutions d'assistance publique en Angleterre et en Allemagne.* Journ. Soc. Statist., July, 1912.

MARTIN-SAINT-LEON. *L'oeuvre sociale du général Booth.* Réf. Soc., Nov., 1912. Pp. 10.

An appreciation of Booth and account of the work of the Salvation Army.

OSBORN, C. *The administration of the poor law.* Char. Organ Rev., Nov., 1912. Pp. 15.

The forty-first annual report of the Local Government Board on the administration of the poor law for 1911-1912 shows a decrease in recipients of relief. This reduction is temporary and there are hints of approaching difficulties.

PAYEN, E. *Les enfants assistés: les imperfections du service.* L'Econ. Franç., Oct. 5, 1912. P. 1.

The inspections are insufficient; with the result that aid is given to the greatest number possible, a result by no means socially valuable.

Socialism

BAUMANN, A. A. *The Tory party and state socialism.* Fortn. Rev., May, 1912.

BLAIR, A. J. F. *A plea for the higher socialism.* Hibbert Journ., Oct., 1912.

DE BYANS, J. *Les projets de creation de boulangeries et de boucheries municipales.* Réf. Soc., Oct. 16, 1912.

CHESTERTON, G. K. *The set-back to English socialism.* Century, Dec., 1912.

CLEMENT, H. *La méthode de Karl Marx.* Réf. Soc., May 1, 1912.

CROSS, I. B. *Socialism in California municipalities.* Nat. Munic. Rev., Oct., 1912.

DAUSSET, L. *Les services d'intérêt collectif et les régies municipales.* Réf. Soc., Oct., 1912.

DECURTINS, G. *Emanuele Ketteler e il movimento cristiano sociale.* Riv. Internazionale, Nov., 1912. Pp. 23.

ESCARD, P. *Le municipalisme en angleterre.* Ref. Soc., Oct., 1912.

GRUNBERG, C. *Der Ursprung der Worte "Sozialismus" und "Sozialist."* Archiv f. Geschichte Sozial, II, 1-2, 1912.

- HOXIE, R. F. *The socialist party and American convention methods.* Journ. Pol. Econ., July, 1912.
- JOHNSTON, C. *Socialism and the American farmer.* North Am., Sept., 1912.
- MALLOCK, W. H. *The intellectual bankruptcy of socialism and syndicalism as a proposed substitute.* Nat. Rev., July, 1912.
- NETTLAU, M. *Bakunin und die Internationale in Italien bis zum Herbst 1872.* Archiv f. Geschichte Sozial, II, 1-2, 1912.
- ORTH, S. P. *Socialism upon us?* World's Wk., Aug., 1912.
- PLUMPIANSKY, I. *Die Kooperation und der Sozialismus in England in den 20er und 30er Jahren des XIX Jahrhunderts.* Archiv f. Geschichte Sozial, II, 1-2, 1912.
- RYAN, D. J. *The influence of socialism on the Ohio constitution.* No. Am. Rev., Nov., 1912.
- SIMKOVITCH, P. G. *Marcism versus socialism.* VII. Pol. Sci. Quart., Dec., 1912.
- TAYLOR, B. *Labour and socialism.* Fortn. Rev., July, 1912.
- *The nationalization of coal mines.* Col. Guard., Oct. 11, 1912.
- *Socialism and its menace. The views of President Taft.* Century, Oct., 1912.

Housing

(Abstracts by James Ford)

- CETTY, H. *Les habitations ouvrières du Cercle Saint-Joseph de Mulhouse.* Mouv. Social, July, 1912. Pp. 3.
- Description of methods of a successful building association founded in 1890.
- COMEY, A. C. *Maximum building height regulation.* Landscape Architecture, Oct., 1912. Pp. 6.
- Types of legal regulation in American cities.
- COMSTOCK, A. P. *Chicago housing conditions. VI. The problem of the negro.* Am. Journ. Sociol., Sept., 1912. Pp. 16.
- Thorough statistical study of four districts.
- DIXON, S. G. *The sanitary building site.* Real Estate Mag., Oct., 1912. Pp. 4.
- FUCHS, A. J. *Der Wohnungsfürsorgefonds.* Zeitschr. Volkswirtsch., XXI, 3, 1912.
- Describes cheap public credit to housing schemes in Germany and Austria.
- HORSFALL, T. C. *The "continuous" inspection of small dwellings in Germany.* Char. Organ. Rev. (London), Oct., 1912. Pp. 8.
- Especial reference to Hesse.
- IHLDER, J. *Housing at the Los Angeles conference.* Nat. Munic. Rev., Jan., 1913. Pp. 8.
- JONES, T. J. *The alley homes of Washington.* Survey, Oct. 19, 1912.
- Alley death-rates and government action.

JUILLERAT, P. *La lutte contre le logement malsain*. Réf. Soc., Nov., 1912. Pp. 7.

Notes the decrease in tuberculosis mortality in Paris as dwellings with dark rooms are razed. Attempts computation of value to the city of lives saved.

MALLALIEU, W. V. *A Washington alley*. Survey, Oct. 19, 1912.

Vivid description of Snow's Court and its occupants.

RISLER, G. *Les habitations à bon marché*. I, II, III. Réf. Soc., Aug., Sept., 1912. Pp. 21, 24.

Law concerning small holdings in France. Societies for improved housing in France and their sources of capital. Tax exemption.

TAYLOR, G. R. *Satellite cities*. II. Pullman. III. Norwood and Oakley. Survey, Nov. 2, Dec. 7, 1912. Pp. 14, 14.

III. Industrial decentralization unaccompanied by residential decentralization at Cincinnati. The Schmidlapp housing experiment.

RENDU, A. *La construction et le gestion des habitations populaires*. Réf. Soc., Dec., 1912. Pp. 23.

Opposes municipal housing for Paris.

————— *Housing and town planning*. Surveying and Housing Wld., Jan. 11, 1913. Pp. 2.

Annual report of the British Social Government Board.

The housing problem and its solution. Surveying and Housing Wld., Jan. 11, 1913. Pp. 4.

Extracts from reports of Dr. J. T. C. Nash, medical officer of Norfolk County, England.

————— *Thorney rural housing scheme*. Surveying and Housing Wld., Dec. 14, 1912. Pp. 4.

Describes "a self-supporting housing scheme . . . carried out by the Thorney Rural District Council," England.

————— *Housing the people*. Co-partnership, Jan., 1913. P. 1.

"A chronological record of progress" of improved housing in England.

NOTES

The Managing Editor regrets that a reply by Professor Fisher to Professor Seager's article in the December REVIEW on "The Impatience Theory of Interest," has come in too late to be inserted in this issue. It will appear in the June number of the REVIEW.

The following table shows the distribution of the membership of the American Economic Association on December 20, 1912, compared with that of April 20, 1911.

	1911 Apr. 20	1912 Dec. 20		1911 Apr. 20	1912 Dec. 20
<i>N. E. States</i>			<i>Central States</i>		
Maine	14	18	Ohio	63	93
New Hampshire	15	16	Michigan	33	46
Vermont	5	6	Indiana	26	39
Massachusetts	267	352	Illinois	119	148
Rhode Island.....	16	22	Wisconsin	51	60
Connecticut	51	79	Minnesota	28	38
	368	493	Iowa	24	26
			Missouri	59	70
<i>Middle States</i>				403	520
New York	426	580	<i>Western States</i>		
New Jersey	43	75	Arizona	2	2
Pennsylvania	124	180	Idaho	2	5
Delaware		6	Nebraska	14	21
Maryland	36	35	Utah	6	7
Dist. of Columbia....	85	105	Colorado	15	19
	714	981	Kansas	6	11
<i>Southern States</i>			New Mexico	1	3
West Virginia	7	6	Montana	7	9
Virginia	12	17	No. Dakota	6	9
No. Carolina	8	9	So. Dakota	4	4
So. Carolina	4	4	Wyoming	1	
Georgia	11	15		64	90
Florida	7	9	<i>Pacific States</i>		
Tennessee	9	14	Washington	14	21
Kentucky	6	13	Oregon	10	12
Alabama	5	7	California	46	72
Arkansas	3	2		70	105
Texas	16	20	<i>Canada</i>		
Louisiana	18	19		21	42
Mississippi	3	4	<i>Other Countries</i>		
Oklahoma	2	8		66	86
	111	147	Total	1817	2464

In addition to the above membership there were in December, 1912, 251 subscribers, making a total of 2715.

The supply of the *Handbook* of the American Economic Association for 1911 is entirely exhausted. There is an occasional request for a copy to complete a set for binding. If anyone has a copy of the *Handbook* for that year which he does not intend to bind, or does not need for other purposes, it would be a favor to the Association if he would send it to the secretary (T. N. Carver, Cambridge, Mass.), who will pay twenty-five cents a copy.

The fourteenth session of the Institut International de Statistique will be held at Vienna during the week of September 8, 1913.

An International Customs Congress is to be held in Paris during the month of May at the instigation of the French government. Although it may be regarded as a continuation of the congress of 1900, it is to be more definite in scope, and discussion will be limited to five questions: (1) The desirability of establishing an International Bureau of Commercial Statistics; (2) regulations for commercial travelers and the treatment of samples; (3) means for dispensing with payment of duty in the case of conditional imports; (4) the desirability of having customs litigation referred to expert bodies, and the character of such bodies; and (5) the advisability of concluding an international agreement for the purpose of adopting a uniform definition of gross and net weights for assessing duty.

A study of European agricultural finance is to be undertaken by a commission of the Southern Commercial Congress which will sail on April 26 and will spend three months in visiting Naples, Rome, Florence, Bologna, Milan, Budapest, Vienna, Munich, Dresden, Berlin, Cologne, Rotterdam, Brussels, Paris, London, Dublin, Cork, Queens-town, Copenhagen, Stockholm, Berne, St. Petersburg, and the capitals of the Balkan countries. Each state is invited to send two or more delegates; there will be representatives of national agricultural organizations; and Canadian provinces have petitioned for representation.

During the past year there has been deposited in the Library of Congress the library of the National Monetary Commission, consisting of nearly 2300 volumes and over 1500 pamphlets; the library of the Tariff Board, 2335 volumes and 1490 pamphlets; and also 40 volumes of ledgers and account books of Edward Dixon, a merchant at Port Royal, Virginia, during the years 1743-1796. The latter illustrate current prices and movement of trade. Another accession of 56 volumes is the *Proceedings of the Anthracite Coal Strike Commis-*

sion of 1903. The library has engaged in a special effort to make a collection of the reports of large industrial corporations including the briefs and records of cases in which industrial corporations have been dissolved by the courts.

The library and reference department established in New York by the American Bankers' Association in November, 1911, is growing rapidly in extent and usefulness. In the acquisition of material, banking information is sought rather than a collection covering the broad field of finance. Pamphlets, clippings, magazine articles, etc. are loaned through the mails to all parts of the country. Proceedings of the national and of state bankers' associations are on file and also government documents, state bank reports, bound financial journals and general reference books.

Bulletin No. 236, of the University of Texas (June 22, 1912) contains the proceedings of the first annual meeting of the Texas Applied Economics Club, grouped under the title *Some Corporation and Taxation Problems of the State* (Professor L. H. Haney, editor, University of Texas, Austin, pp. 146). The papers are in part by students and in part by officials in public life, and collectively represent a successful attempt to interest university students seriously and effectively in the economic problems of their own state.

The awards for the Hart Schaffner & Marx prizes for 1912 have been announced as follows: In Class A: First prize of \$1000, to Albert H. Leake, *Industrial Education, its Problems, Methods, and Dangers*; Second prize of \$500, to Harry Edwin Smith, *The United States Federal Internal Tax History from 1861 to 1871*; and Honorable Mention to Glover D. Hancock, *History of the National Banking System in the United States*. In Class B no papers were deemed worthy of award.

The Committee for Rural Economy of the University of Oxford has appointed Mr. C. S. Orwin, director of the Institute for Research in Agricultural Economics. The Board of Agriculture and Fisheries and the Development Commission have coöperated with the university in forming this institute.

Le Bureau de la Société Belge d'Economie Sociale, at its October meeting, elected as president for the ensuing year M. Ch. de Lannoy, professor at the University of Ghent, and also conferred upon M. Maurice Damoisiaux the title of *vice-président*, and upon M. Henry Carton de Wiart the title of *président d'honneur*.

The department of social economics of the London Municipal Society (83, Tothill Street, Westminster, S. W.) is issuing a series of *Statistical and other Memoranda on Political and Social Questions of the Day* at a uniform price of one shilling. Typical recent titles are, "The Rise and Fall of Wages and the Cost of Living," "Numbers and Values of Houses in the United Kingdom," "The Amount, Growth and Distribution of Capital." The statistics published are largely abstracted from official sources, although the results of individual analyses and estimates are also used. The evident purpose is to supply ammunition for the anti-socialist campaign.

Gustav Fischer announces the publication, beginning in January, 1913, of "Weltwirtschaftliches Archiv," edited by Dr. Bernhard Harms and devoted to general and special economic problems. It will appear in quarterly numbers, the price for two numbers being 20 marks. (Verlag von Gustav Fischer, Jena.)

The "Jahrbücher für Nationalökonomie und Statistik" has published an index (*Generalregister*) for volumes 79-95, covering the years 1901-1910 (pp. 213).

A new quarterly whose aim is to record the international proletariate movement and the chief political events which accompany it is entitled "Internationales Jahrbuch für Politik und Arbeiterbewegung" (Buchhandlung Vorwärts, Paul Singer, Berlin.)

Appointments and Resignations.

Mr. Roger W. Babson is now abroad studying economic conditions.

Professor W. B. Bailey, of Yale University, has been chosen agent of the Organized Charities Association of New Haven, Conn.

Dr. James L. Deming of New Haven, Connecticut, has been appointed acting associate professor of sociology at the State University of Iowa for the second semester.

Mr. E. H. Downey has resigned his position at Kenyon College to become chief statistician of the Industrial Commission of Wisconsin.

Dr. Roland P. Falkner has been appointed a member of the Joint Land Commission for the Panama Canal Zone. His address will be Ancon, Canal Zone.

Professor Willard C. Fisher has resigned his position at Wesleyan University.

Dr. R. F. Foerster is chairman of the department of social ethics at Harvard University.

Mr. Frederick B. Garver has been appointed an instructor in the department of political economy at the University of Chicago.

Professor John H. Gray returned in February to his academic duties in the University of Minnesota, upon the completion of the investigation which he has been conducting for the National Civic Federation of New York.

Dr. A. N. Holcombe has been appointed an assistant professor of government in Harvard University.

Mr. Howard A. Hubbard has been appointed to an instructorship in economics at the State University of Arizona.

Mr. E. O. Merchant, formerly engaged on work for the Waterways Commission, has been made a special agent in the federal Bureau of Corporations.

Mr. Stephen I. Miller, of the Polytechnic High School, Los Angeles, has been appointed instructor in economics at Leland Stanford Jr. University.

Professor Francis G. Peabody has retired from teaching in Harvard University after thirty-two years of service. During the spring he will lecture in Japan upon American ways of dealing with social problems.

Professor Paul S. Peirce, of the State University of Iowa, has recently been appointed chairman of the state Child Labor Committee.

Mr. Charles E. Persons has been appointed instructor in economics and sociology at Washington University for the second semester.

Dr. E. E. Pratt, of New York University, has been engaged by the Merchants' Association of New York city to take charge of its newly established Industrial Bureau.

Mr. I. L. Sharfman has been appointed instructor in economics at the University of Michigan for the second semester.

Dr. C. W. A. Veditz, formerly engaged with the Tariff Board as chief examiner, has been made dean of the College of Political Science in George Washington University, Dr. H. Parker Willis having resigned the position upon becoming managing editor of the New York "Journal of Commerce."

At Princeton University, the department of history, politics, and economics has been divided into two parts, the department of economics being separately constituted with Professor Fetter at its head.

CORRESPONDENCE BETWEEN PROFESSOR WILLARD C.
FISHER AND PRESIDENT SHANKLIN.

Wesleyan University, President's Office,
Middletown, Conn., January 27, 1913.

My Dear Professor Fisher:—The press far and wide contains articles relative to remarks in reference to the churches of the country reputed to have been uttered by you in a recent address in Hartford. I desire to know whether or not you have been correctly reported. If you have been incorrectly reported, will you please give me an exact statement of what you did say?

Sincerely yours,

WILLIAM ARNOLD SHANKLIN

Wesleyan University, Middletown, Conn.,
Economics and Social Science,
January 27, 1913.

My Dear Dr. Shanklin:—In reply to your letter, just received, I would say that the report of my remarks before The Get Together Club in Hartford last Wednesday evening was substantially misleading. Partly by the omission of qualifying statements, which made the setting and shaped the interpretation, partly by ascribing to me words and statements which were not mine at all, and, perhaps, partly by the striking headlines, which raised brief incidental remarks into the prominence of the principal theme, the original report, upon which apparently many newspaper quotations and comments have been based was—I should judge—decidedly unfair. This judgment of mine is confirmed in some degree at least by the fact that the paper in which the report appeared was constrained by criticism in Hartford to offer me an opportunity to make corrections. There was, however, a large underlying element of truth in the report. I did not say that I would "throw Sunday wide open", nor anything else of closely similar meaning. But I did say that I would allow very great freedom of Sunday observance, allowing a man pretty nearly anything that did not disturb the religious or other use of the day by others. I did say that I saw no religious inconsistency in a man's having an "uproariously good time" on Sunday; but I added that there should be no disturbance of religious or other uses of the day by others. I did say that I would, or that "I believe that I would" close up the churches temporarily as an experiment. But I stated my reasons with emphasis, because so many good religious people have come to think of church going as a great part or the whole of religious duty, and because, if there were no churches open for a time, these people would be constrained to turn to more important religious duties, of kindly service and the like. Just here I quoted the declaration of James as to the meaning of religion pure and undefiled.

The above will perhaps enable you to judge for yourself as to

the degree of accuracy with which I was reported; but, for a slight amplification of what I have just written, I am enclosing a copy of a letter¹ which I sent in correction of the first report and which was printed in the paper first reporting me in its issue of last Saturday morning, January 25.

Of course, not even all of what I am now placing at your disposal can make entirely clear my general attitude as to Sunday observance;

¹This letter is as follows:

To the Editor of The Courant:—

The developments of the day make it desirable that you print more about my Wednesday evening address before the Get-Together Club than the few words you asked for last evening. Friends and others speak and write to me in great variety of emotions; quotations have started their run through the general press; and my poor remarks will be made the subject of pulpit discussion. I spoke with deliberate seriousness, just as I thought and have thought for years, and I have not the least wish to qualify what I have said; but the surprising prominence that has come to my remarks through your paper makes it worth while that interested persons should know both what I said and, in part at least, why I said it.

I have always gone regularly to church and considered myself essentially a religious man, and I spoke in the interest of true religion. But my understanding of religion and religious duty is not, apparently, the most widely prevalent one. There is no manner of doubt that, according to the lives of most people in our time and community, attendance at church is a large part of religious duty, perhaps the chief part; while the lives of not a few imply that it is the full duty. Now, my notion is that attendance at church, at so-called religious "services," is of very slight and subordinate importance, of no importance whatever except as a means to something else.

In this, as in all other matters of religious, moral and social principle, I make large use of the Bible; and it will be worth the while of my critics to look through their Bibles with care before they reject my statements and denounce me. "He hath shewed thee, O man, what is good; and what doth the Lord require of thee, but to do justly, and to love mercy, and to walk humbly with thy God?" "Pure religion and undefiled before our God and Father is this, to visit the fatherless and widows in their affliction, and to keep himself unspotted from the world." Nothing here, and very little elsewhere, about attendance at formal religious "services." Yet we all know men and women who consider themselves, as their neighbors, or at least most of them consider them, religious people, just because they go regularly to church, although they neither do justly, love mercy, visit the fatherless and widows in their affliction, walk humbly with God, nor keep themselves unspotted from the world.

Of course, there is a natural human tendency in all this. Notoriously the militiamen, especially the captain, considers himself a warrior; but few others do, unless he is something more than a mere militiaman. And the error of his pretensions is evident upon a little thought.

Of course, militia drill has its place and justification but not as full substitute, or a large substitute, for military "service." What would we say of men who professed a zeal for military service in a country where hard and dangerous fighting was to be done on every hand, and who yet limited their military "service" to weekly dress parades, or in closer symbolism, weekly military concerts, where, in all possible splendor of buttons, braid and shining metal, they listened to the rattle of drums and the blast of bugle charge, then went back to the quiet and safe enjoyment of their homes? Certainly no warriors these. If dress parades and military concerts were abolished, they might cease to call themselves soldiers or go to war.

but it is probably quite enough to make you to see how and in what light I stood last Wednesday evening. And that, I am sure, is all of your present want.

Very sincerely yours,

WILLARD C. FISHER

Wesleyan University, President's Office,
Middletown, Conn., January 27, 1913.

My Dear Professor Fisher:—Your letter of this date is just received. Even after consideration of your explanation of your position, I find it difficult to believe that any one with a just appreciation of the work which the churches have done and are doing for the religious and moral life of the community could seriously propose the closing of the

I have never condemned church-going, never even in my own mind, except as it takes the place of something more important. A good part of those who do justly, love mercy, visit the fatherless and widows in their afflictions, and keep themselves unspotted from the world, find that reverent attendance at church is a great aid to a humble walk with God. But it is too obvious for proof that in the minds, as in the lives of many, mere going to church "service" is taken for a good portion of religious duty, and this, too, by people whose impulses and instincts are genuinely religious. And my thought has been for a long while that, if such people of true religious impulses were shut off for a time—whether for a few years or for a shorter period is not the main point—from church-going, they would turn into the much important duties, duties of mercy, kindness, sacrifice, and the like, for the help of brother man, duties, these, which are recognized more or less, but are commonly thought of as aside from religion, whereas they are the very heart of religion, the Christian religion at least, so far as the relation of man to man is concerned. "Bear ye, one another's burdens, and so fulfil the law of Christ." "For the whole law is fulfilled in one word, even in this, Thou shalt love thy neighbor as thyself." "Owe no man anything, save to love one another; for he that loveth his neighbor hath fulfilled the law."

As to the "uproarious good time" on Sunday, I said emphatically that I would not allow anybody's Sunday practices to disturb others. As to the suggestion that there may as well be a day of general uproar and tumult, that is none of mine. I have even sympathized with friends, living on good roads in the country, who protest against the unbroken succession of toots, blasts, screams, and other more modern noises which come from the autos of good religious people—among others—who, having done their religious duty at "divine service" in the morning, make the country-side hideous in the afternoon.

Suffice it to say further as to noise and quiet on Sundays and in religion that this thought of Sunday as necessarily to be kept quiet because religion must be solemn silence, all that is a modern and narrow development. All religious people who have added to their duty of church-going a fair attention to the Scriptures, will recall how commonly "shouting" and "loud noise" are mentioned as part of early religious functions.

Indeed, it is as accurate as a single brief statement can be made to say that our whole notion of Sunday observance, what we call "the American Sabbath" as against the continental, is an outgrowth of the Puritan movement in England, and that earlier times and other lands show centuries of humble walk with God, just dealing, love of mercy, kindly visitation upon the afflicted, all these quite as good and pure as ours. But that is another story.

WILLARD C. FISHER.

Middletown, Jan. 24, 1913.

churches, even as a temporary experiment. I am constrained to the conviction that your attitude in the matter is so far out of harmony with the spirit of the college, which, though in no wise sectarian, is and always has been profoundly in sympathy with the Christian churches, that your continuance in your present official position is undesirable for the college, or for yourself. I feel, therefore, compelled to request you to offer your resignation.

Most sincerely yours,

WILLIAM ARNOLD SHANKLIN

Wesleyan University, Middletown, Conn.,
Economics and Social Science,

January 27, 1913.

My Dear Dr. Shanklin:—Of course I shall respond at once to your request for my resignation. Here it is. It is given cheerfully and, as I trust, in full appreciation of the situation. I do not express, I do not even undertake to frame for myself a judgment as to what I might think the correct course for the college to take in such a case. But my judgment is not needed and it might be biased. I am, however, free enough from prejudice to see very clearly that a college with the history and the constituency and support of Wesleyan is not exactly the place for a man who holds such views as mine and who can not suppress them. I leave the college, therefore, without a trace of ill will toward anybody connected with it. Indeed, I go with the warmest wishes for the institution to which I have given the twenty best years of my life.

Very cordially yours,

WILLARD C. FISHER

Wesleyan University, President's Office,
Middletown, Conn., January 27, 1913.

My Dear Professor Fisher:—I have your favor, resigning from the faculty of Wesleyan University. I hereby relieve you from your duties, pending the presentation of your resignation to the board of trustees.

I shall recommend that your salary be paid in full for the present academic year.

Appreciating your spirit of good will to the college, I am,

Most sincerely yours,

WILLIAM ARNOLD SHANKLIN

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JUDICIAL INTERPRETATION OF THE MINIMUM WAGE IN AUSTRALIA

Present-day interest in the subject of the legal minimum wage in this country and the probability, amounting almost to a certainty, that one or more of our states will within the next two or three years, enact and endeavor to enforce a compulsory minimum wage law, make it worth while to inquire as to the principles on which minimum wages have been established by law in other countries.

Aside from the legally established pay of public servants, and in some cases of the wages prescribed by law to be paid by contractors engaged on public works, the only examples which we have of wages regulated by law are to be found in New Zealand; in all the Australian states as well as the Commonwealth; in England since January, 1910, in a few manufacturing industries; and since 1912 in the coal mines of England and Wales. English experience with the minimum wage has been too brief and too limited in its industrial range to afford much information for constructive purposes or to enable us to judge as to the general acceptability of the principle. Throughout Australasia, on the other hand, the principle of the minimum wage has now found general acceptance. Employers and employees there differ more, or less in their views as to what is the best machinery for bringing the legal minimum wage into existence and securing its enforcement. Differences in opinion exist also as to the range of industries to which it should be applied. These differences in views have some of them found expression in party platforms, but few persons could be found today, in either Australia or New Zealand, who would challenge the statement that the principle of a legal minimum wage has been accepted as a permanent policy in the industrial legislation of that portion of the world.

There are among Americans some persons—not lacking in intelligence—who imagine that the system of a legal minimum wage

is one in which a certain definite remuneration is prescribed by statute for all wage-earners, or at least for certain classes of workers. But this is not the minimum wage as it is known in England, New Zealand, or Australia. It is true that there is in New Zealand and in most of the Australian states a legal minimum wage, in the strictest sense of that term: that is, an amount fixed by statute below which no employer in manufacturing industries is allowed to pay any of his operatives. This amount is in Victoria 2s. 6d. (60 cents) per week, in New South Wales and South Australia 4s. (97 cents) per week, and in New Zealand 5s. (\$1.21) per week. The New Zealand statute also provides that there shall be an annual increase of at least 3s. per week until £1 (\$4.87) per week is reached. These insignificant sums are not what is referred to, however, when the minimum wage is commonly spoken of. They are fixed by statute in order to prevent the practice, which some employers in the clothing trades had established, of taking children into their employ under the pretence of teaching them a trade. No wages at all would be paid to these and frequently they were kept at some trivial tasks, like removing bastings or sewing plain seams. When after some weeks or months the parents of these children would ask that they be paid for their services, the employer would dismiss them and engage new "learners."

The minimum wage which here concerns us, however, and which has drawn the attention of the outside world to Australasian experience is not a wage prescribed by statute, although it is upheld by statutory authority. There are two ways in which the minimum wage has been secured in the Australasian colonies. In the state of Victoria since 1896 minimum wages have been established in various occupations and industries through a compulsory conference of employers and employees, generally known as a "wages board" (one for each trade), presided over by an impartial chairman who, if necessary, gives the deciding vote. This board also has power to fix the maximum number of hours per day or week, the number or proportion of apprentices to journeymen and the rates of pay for overtime.

When a board has completed its determination of these matters and has made its report, and this report has been published in the government *Gazette*, the wages fixed and other conditions established by the board become legally binding on all employers in the trade within the area prescribed by the statute or

parliamentary resolution which provided for the establishment of the board. The Victorian method has been followed, with certain modifications, in South Australia since 1900, in Queensland since 1908, and in Tasmania since 1910.

The other way in which the minimum wage has been established in Australia is through the awards of the compulsory arbitration courts. New Zealand led the way in 1894; New South Wales followed in 1901; Western Australia in 1902; and in 1904 the Parliament of the Australian Commonwealth passed a compulsory arbitration act intended to prevent or settle "industrial disputes extending beyond the limits of any one state." Compulsory arbitration was not much thought of as a means of fixing wages or regulating labor conditions, but was intended primarily as a means of preventing strikes and lockouts. Since, however, it is necessary for an arbitration court, if it would settle an industrial dispute, to lay down the terms on which employment shall continue, it becomes one of the functions of the court to fix minimum wages. Sometimes these wages are applicable only to the parties who have been cited before the court, sometimes the award may be extended by the court to other specified employers, and sometimes the award of the court by the principle known as "the common rule" becomes applicable to all employers in the trade situated within the jurisdiction of the court.

New South Wales, in revising her compulsory arbitration law in 1908, incorporated in the new statute a scheme for wages boards as well as an arbitration court. New Zealand in that same year adopted a system of conciliation councils to pass upon disputes before they came before the arbitration court. These conciliation councils resemble in their composition, methods of procedure, and in several other respects the wages boards in the Australian colonies, and they now actually settle the great majority of the industrial disputes which arise in the Dominion without the necessity of taking them before the court for a hearing. On the other hand, in Victoria since 1903 and in South Australia since 1907, there have been in existence courts of industrial appeals which can be called upon to review the determinations of wages boards. In Queensland and Tasmania no special courts exist for this purpose, but the validity of a wages board determination may be questioned in the supreme court. When to all this is added the fact that in South Australia and

Tasmania a strike against the determination of a wages board is punishable by heavy fine, it will be seen that these two systems, wages boards and compulsory arbitration, originating independently of each other and inspired in large part by different motives, are gradually tending to approach each other in method and purpose.

I

It is not the purpose of this article to describe the modes of operation, or the work accomplished by either the wages boards or the compulsory arbitration courts in Australia. It is rather to get at the theory underlying the minimum wage as it is finding expression today in the determination of wages boards and in arbitration court awards in Australia and New Zealand. It is hoped that an understanding of the principles which have in the course of a decade or more been evolved as a result of Australasian experience in this matter, may be of use to those who are considering minimum wage legislation in this country, and who are more or less uncertain as to what would be the results of such laws. Of course we are not obliged to follow Australasian precedents, but in this matter we have no other precedents to follow, and it seems both natural and proper that we should profit by the experience of a people who are of the same race, have inherited the same juridical and ethical ideas, have the same spirit of progress, and who, admiring our political institutions, have copied into their own fundamental laws the principles which have found expression in our constitutions.

Now as to the work of the wages boards and conciliation councils, it may be frankly stated that a search for the underlying principle of a minimum wage is bound to prove more or less disappointing. These gatherings of employers and employed, conducting their negotiations in a thoroughly informal manner, are not bound to follow any principle. It is a process of "higgling" which takes place, the same as exists in any trade where collective bargaining is found and where representatives of employers and employed are endeavoring to fix up the wage scale which shall form the basis of the new industrial agreement. In the wages board meetings those arguments are used which seem likely to have most weight with the other side, or if not with the other side, at least with the chairman, who is wondering how he can best compromise the extreme demands which both sides are putting before him. Accordingly it may happen that

arguments which are of controlling importance in one board may not be advanced at all in another. If I were to judge from what took place in the numerous board meetings which it was my privilege to attend, as well as from the statements of the chairmen of boards with whom I talked, I should say that the argument most frequently advanced by the labor delegates, and the hardest to meet, was that the high cost of living made the increase in wages necessary. The employers usually attempted to check the force of this argument by claiming that for various reasons cited the industry or trade which they represented was not able to stand the increase demanded, or perhaps any increase whatever. In cases where the laborers felt obliged to admit some truth in the employer's position, their invariable answer took the form of the question: "Can you not pay the wages demanded and pass them on to the consumer in the shape of higher prices?" It need hardly be said that the answer to this question depended largely upon the nature of the commodity being produced and the extent of outside competition which the employers in that state or district had to meet.

A judge of an arbitration court, on the other hand, ought to have some general principle in mind in fixing a minimum wage, and he should follow this principle, if not with unvarying consistency, yet with few departures. Although he must settle each case on its own merits and must give due weight to the arguments on both sides, yet a knowledge of the fact that his decision in one case will inevitably be cited in succeeding cases by one or other of the contending parties, makes it incumbent upon him to proceed with caution and to act on the basis of broad principles of equity if his judgments are to be consistent and to command respect.

The statutes which have established arbitration courts or wages boards have seldom given any clear indication, oftentimes not even a hint, as to what the legislature had in mind as the underlying principle of the minimum wage. In Victoria, it is true, an amendment to the Factories act in 1903 required boards to base their determinations on the average "prices or rates of payment" paid by "reputable employers to employees of average capacity," but inasmuch as the term "reputable employers" was not defined, this amendment only created confusion and led to bitter strife in the board meetings. It was finally repealed in Victoria, though it still exists in the acts of some of the other states.

The failure of the legislature to lay down the principle on which the minimum wage should be based, has been a cause of much annoyance to some of the judges of the arbitration court. Mr. Justice Higgins, of the Commonwealth Arbitration Court, said in the course of his decision in the first case which came before him that the legislature had declared that wages must be "fair and reasonable" but had not indicated what was to be the criterion by which the court was to determine what was fair and reasonable. He continued:

It is to be regretted that the Legislature has not given a definition of the words. It is the function of the Legislature, not of the Judiciary, to deal with social and economic problems; it is for the Judiciary to apply, and when necessary, to interpret the enactments of the Legislature. . . . The strength of the Judiciary in the public confidence is largely owing to the fact that the judge has not to devise great principles of action as between great classes, or to lay down what is fair and reasonable as between contending interests in the community; but has to carry out mandates of the Legislature, evolved out of the conflict of public opinion after debate in Parliament. I venture to think that it will not be found wise thus to bring the judicial department within the range of political fire. These remarks would not be made if the Legislature had defined the general principles on which I am to determine whether wages are fair and reasonable or the reverse.¹

The judges who presided over the arbitration courts during the early years of their existence, naturally showed some timidity in announcing the principles which would govern them in fixing wages and oftentimes refrained from making any clear-cut statements on the subject. Mr. Justice Williams, the first president of the New Zealand Arbitration Court, said—but not in the course of a decision: "The duty of the Court is to pronounce such an award as will enable the particular trade to be carried on";² and Mr. Justice Cohen, the first president of the New South Wales Arbitration Court, seems to have had the same idea in mind, for in one of the early decisions rendered by him he said: "In fixing the minimum wage at 50s. we necessarily had regard to the existing conditions of the trade and its prospects, of which there was evidence before the Court. . . . We think at the present time it would be exceedingly unwise to do anything that

¹ *Ex parte H. V. McCay*, 2 Commonwealth Arbitration Reports, 1.

² Letter to "The (London) Times," quoted in Broadhead, *State Regulation of Labor in New Zealand*, p. 57.

would be likely to hamper the successful or the existing operations of the trade."³

One of the judges in the New Zealand court discussed the question of wages in such a way as to lead the workers to think that wages were to be fixed on a profit-sharing basis, but later judges in both New Zealand and Australia have ridiculed the idea that wages could be established by a court of arbitration on a profit-sharing basis, since that would mean that a differential rate between employers would have to be fixed.

Slowly but unmistakably, judicial opinion in all the arbitration courts has tended in the direction of fixing the minimum wage on the basis of the needs of the worker. In New Zealand, as early as 1902, Mr. Justice Cooper, in a case involving the Auckland carpenters, said:

In fixing the minimum we have had regard to the cost of living in Auckland, the nature of the work to be performed for the wages fixed, and the rates already fixed in other centres. We believe that the rates we have settled for Auckland are, compared with the cost of living in the cities of Wellington and Dunedin, where awards have already been made, fair and reasonable and justified by the evidence adduced before us in this case.⁴

Later judgments of the New Zealand court have made even more clear the fact that a living wage is the fundamental, though not the only, consideration in the minds of the judges who have been called upon to fix the minimum wage in a given trade. In New South Wales, Judge Heydon, who succeeded Mr. Justice Cohen as president of the Arbitration Court, said that while the arbitration act offered little guidance to the court in determining the principles to be followed, it was apparent that the court should recognize:

First, the duty of assisting to, if possible, so arrange the business of the country that every worker, however humble, shall receive enough to enable him to lead a human life, to marry and bring up a family and maintain them and himself with, at any rate, some small degree of comfort. This, which may be shortly defined as the duty to prevent sweating is, I think, universally recognized in this country, and almost universally acted upon.⁵

³ *Journeyman Confectioners Union v. Manufacturing Confectioners Association*, 2 (New South Wales) Industrial Arbitration Reports, 8.

⁴ *Awards, Recommendations, etc., of the New Zealand Conciliation and Arbitration Court*, vol. III, p. 82.

⁵ *New South Wales Saw-Mill and Timber-Yard Employees Association v.*

In West Australia, in spite of some differences of opinion among the judges as to what class of workers should have their needs considered in fixing a minimum wage, it seems to have been agreed that "a fair minimum wage" is at least one on which a man can live comfortably.⁶

The first president of the Commonwealth Arbitration Court, Mr. Justice O'Connor, was somewhat indefinite in his statement of the principles on which the court was to fix wages. In the first case⁷ heard by him, after calling attention to the fact that the act itself laid down no principle on which wages were to be fixed but left the whole matter "absolutely to the discretion of the Court," he said:

The only rule or principle—if it can be so called—which I can lay down, is that the Court is in each case to make such settlement of the matters in dispute as it shall deem fair and reasonable between the parties.

Now in the matter of wages the court said that it was not "fair and reasonable" that employees should share in the profits, for they "run no financial risks and incur no financial liabilities." Nor in the present case, said the court, was the "question of a living wage involved," since the wages to be fixed were those for ships' officers and the existing pay of the lowest officer was "much more than a living wage." The real question at issue, said the court, "resolves itself into this: Are the masters and officers getting fair pay for the work they are doing?"

The respondents claimed that the only way to test this was to consider the market value of the services rendered. "Market value," said the court, "is not the only test, for the whole body of modern legislation against sweating is founded on the experience that competition which fixes market value may under certain conditions produce a market rate of wage which literally is not enough to keep body and soul together." Since, however, in this case, the question of a living wage was not involved, the president thought that market value might well be taken as a basis, for he held that it "must always be the most important element in any

Sydney and Suburban Timber Merchants Association. [1905] Arb. Rep. 300.

⁶Schachner, *Die Soziale Frage in Australien und Neuseeland*, p. 184. See also Clark, "Labor Conditions in Australia," in *Bulletin of the (U. S.) Bureau of Labor*, No. 56 (January, 1905), p. 87.

⁷*Merchant Service Guild of Australia v. Commonwealth Steamship Owners Association*, 1 Comm. Arb. Rep. 1.

test which is to be applied." The market value of the services rendered by masters and officers engaged in the Australian coastal service was in his opinion to be found by a comparison with the market value of masters' and officers' services on ordinary deep sea voyages.

To that must be added something for the increasing responsibility and risk of constant coast and harbor navigation, and the management of ships in pilotage waters. There must also be added something for the increased cost of living in Australia, not only by reason of the higher costs of some of life's necessities, but also by reason of the increased comfort of living and the higher standard of social conditions which the general sense of the community in Australia allows to those who live by labor.

It will be seen from the above statements that Mr. Justice O'Connor did not reject the idea of "the living wage" as a principle for determining the minimum wages to be paid, but that since he was dealing only with a class of laborers well above the minimum, he did not find the living wage a practicable measure for fixing the wages in dispute. At the same time his statements lack that clearness and definiteness which would enable us to understand exactly what principles the court intended to follow in settling the wage problem.

II

Such uncertainty as Mr. Justice O'Connor may have felt as to the principle to be followed in fixing the minimum rate of pay in the arbitration courts was not evinced by his successor, Mr. Justice Higgins, who became president of the Commonwealth Arbitration Court in 1907. It is true that he expressed his impatience with Parliament for not having made clear what principle the court was to follow in fixing wages, but since the selection of this principle was left to the court, he did not seek to evade the responsibility, but declared: "I shall do my best to ascertain by inference the meaning of the enactment; and Parliament can, of course, amend the act if it desire to declare another meaning." The act in question was not, however, in this case, the Commonwealth Conciliation and Arbitration act, but the Excise Tariff act (No. 16 of 1906).

This act, which has since been declared unconstitutional, since it interfered with the rights of the states, was intended to give legislative expression to the wide-spread feeling in Australia in favor

of protecting the interests of the laborer by means of tariff regulations, an idea which is usually designated as the "new protection" movement. By the terms of this act Parliament imposed an excise duty on agricultural machinery equal to one half the import duty on such articles, but provided that the act should not apply to goods manufactured in Australia under conditions as to the remuneration of labor which were declared by the president of the Arbitration Court to be "fair and reasonable." Any manufacturer desiring to be relieved from the payment of this excise, was to make application to the Arbitration Court and must satisfy the court that the wages paid to his employees were "fair and reasonable."

It was in the interpretation of these terms "fair and reasonable" as applied to wages that Mr. Justice Higgins first enunciated⁸ his famous doctrine as to what should constitute the minimum wage. Owing to the fact that the standard set up in this case has steadily served as the precedent in other cases in the same court, and that the principle here laid down has generally been accepted by other courts in Australasia and even to some extent by wages boards, the statement of the president deserves to be quoted in full:

The provision for fair and reasonable remuneration is obviously designed for the benefit of the employees in the industry; and it must be meant to secure for them something which they cannot get by the ordinary system of individual bargaining with employers. If Parliament meant that the conditions shall be such as they can get by individual bargaining—if it meant that those conditions are to be fair and reasonable which employees will accept and employers will give in contracts of service—there would have been no need for this provision. The remuneration could safely have been left to the usual, but unequal, contest, the "higgling of the market" for labour, with the pressure for bread on one side, and the pressure for profits on the other. The standard of "fair and reasonable," must, therefore, be something else; and I cannot think of any other standard more appropriate than the normal needs of the average employee, regarded as a human being living in a civilized community. I have invited counsel and all concerned to suggest any other standard; and they have been unable to do so. If, instead of individual bargaining, one can conceive of a collective agreement—an agreement between all the employers in a given trade on the one side, and all the employees on the other—it seems to me that the framers of the agreement would have to take, as the first and dominant factor, the cost of living as a civilized

⁸ *Ex parte H. V. McKay*, 2 Comm. Arb. Rep. 1.

being. If A lets B have the use of his horses, on the terms that he give them fair and reasonable treatment, I have no doubt that it is B's duty to give them proper food (*sic*) and water, and such shelter and rest as they need; and, as wages are the means of obtaining commodities, surely the State, in stipulating for fair and reasonable remuneration for the employees, means that the wages shall be sufficient to provide these things, and clothing, and a condition of frugal comfort estimated by current human standards. This, then, is the primary test, the test which I shall apply in ascertaining the minimum wage that can be treated as "fair and reasonable" in the case of unskilled labourers.

Having accepted the principle of the living wage as the only standard of what was fair and reasonable for the unskilled laborers, the president next undertook to determine what was a living wage on the basis of the cost of living to the workers. He sought for and secured evidence from "workingmen's wives and others" as to "the cost of living—the amount which has to be paid for food, shelter, clothing, for an average laborer, with normal wants and under normal conditions." He found that this evidence was confirmed by statements furnished to him by land agents as to rents and by tradesmen as to commodities which workingmen purchased. He offered the attorney for the applicant an opportunity to call evidence to combat these statements but "he could produce no specific evidence in contradiction."

The evidence submitted to the court served to indicate that "the necessary average weekly expenditure for a laborer's home of about five persons" was about £1. 12s. 5d. (\$7.88). These figures, however, covered only "rent, groceries, bread, meat, milk, fuel, vegetables, and fruit." They did not cover, said the court, "light (some of the lists omitted light), clothes, boots, furniture, utensils (being casual, not weekly expenditure), rates, life insurance, savings, accident or benefit societies, loss of employment, union pay, books and newspapers, train and tram fares, sewing machine, mangle, school requisites, amusements and holidays, intoxicating liquors, tobacco, sickness and death, domestic help, or any expenditure for unusual contingencies, religion, or charity." The applicant was paying his unskilled laborers 6s. a day or 36s. (\$8.75) a week. After deducting £1. 12s. 5d., "necessary average weekly expenditures," there was left only 3s. 7d. (87 cents) to cover all these other items "and the area is rather large for 3s. 7d. to cover," said the judge, "even in the case of total abstainers and non-smokers, the case of most of the men in question."

After conducting an inquiry as to the wages paid for similar labor by public bodies and those fixed by the Woodworkers' Wages Board in Victoria, the court decided that 7s. (\$1.70) a day constituted for unskilled laborers "fair and reasonable wages" and that under the circumstances he could not declare that the applicant's conditions of remuneration were fair and reasonable as to his laborers.

The judgment in this case is important not only because it was the first delivered by Mr. Justice Higgins after he became president of the Arbitration Court, but because the application was keenly fought and much evidence was submitted on both sides. The decision in this case, it was well understood, would become a precedent in other cases under the Excise Tariff act. By what must appear as the irony of fate, it so happened that the manufacturing establishment to which this judgment applied—one of the largest in Australia—was one which has always been regarded as a triumph of Australian manufacturing enterprise and whose owner had been active in furthering the passage of the Customs act of 1906⁹ to whose fortunes he had now, apparently, fallen a victim.

The principle which should govern the establishment of the minimum wage laid down in this Harvester case has been steadily and consistently followed by Mr. Justice Higgins whenever he has been called upon to fix the minimum wage under the Conciliation Arbitration act. Thus in the Marine Cooks' case¹⁰ he said: "I cannot conceive any terms to be fair and reasonable which do not at the very least allow a man to live from his labor, to live as a human being in a civilized community." In this case he went beyond the kind of evidence as to the cost of living relied upon in the Harvester case, and quoted Robert Hunter's *Poverty* as authority for what constituted a physical efficiency wage in London, and Mrs. Louise More's *Wage Earners' Budgets* as showing what was a "fair living wage" in New York. After allowing for differences in the cost of living in these cities as compared with Australia, he decided that the conclusions of these writers tended to sustain his views at least 7s. a day was necessary to constitute a living wage in Australia.

⁹ Ernest Aves, *Report to the Secretary of State for the Home Department on the Wages Boards and Industrial Conciliation and Arbitration Acts of Australia and New Zealand*, p. 121.

¹⁰ 2 Comm. Arb. Rep. 55.

In the Broken Hill case,¹¹ heard in 1909, the Proprietary Company, a great silver and lead mining and smelting concern, had been brought into court because it had sought to reduce the wages of its men below the minimum fixed by a trade agreement entered into in 1906 and which expired at the close of 1908. Mr. Justice Higgins declared that "the first condition in the settlement of this industrial dispute as to wages is that at the very least a living wage should be secured to the employee," and he repeated his definition of a living wage which he had given in the Harvester case. As there was a considerable difference of opinion between the counsel for the company and those representing the union as to what constituted a living wage, the president proceeded to make a lengthy investigation into the cost of living at the two mining centres involved, Broken Hill and Port Pirie. For the purposes of this inquiry he used evidence from four sources: (1) the statements of dealers as to the prices of necessary commodities; (2) the average weekly purchases of certain workers' families in the coöperative stores at Broken Hill; (3) the practice of the State of New South Wales and the Commonwealth Government and of great institutions, such as the insurance companies, in making extra allowances to their officers and agents stationed at Broken Hill; and (4) the domestic budgets presented by workmen and their wives.

It would be interesting, did space permit, to study the details brought out by this investigation of the cost of living in this unique industrial community thrown far out on the Australian desert. The purchase of drinking water from carts brought to the door at a price more than twelve times that charged for water in Melbourne; the high rents paid for the galvanized iron houses, "hot as ovens in summer, cold in the extreme in winter"; the absence of fresh fruit and vegetables and of any milk except that sold in tins; the high cost of food and of all other supplies brought from the outside; "the abnormally great infant mortality"; the high rate of sickness and of insurance and the consequent lapsing of policies—all conspired to create a cost of living far above the average in most cities of Australia.

After considering all the evidence, the president concluded that "the minimum wage proposed by the Company [7s. 6d. (\$1.82)] is not a sufficient living wage in Broken Hill . . . and that no

¹¹3 Comm. Arb. Rep. 1.

less than the full sum of 8s. 7½d. (\$2.09) . . . the minimum fixed for unskilled laborers by the agreement of December, 1906, and now claimed by the men . . . is required for the healthy subsistence of an average family." Conditions were found to be not quite as bad at Port Pirie and 8s. 3d. (\$2.00) a day was fixed as the minimum wage there.

An interesting corollary to his method of fixing a living wage was furnished by Mr. Justice Higgins in the *Marine Stewards case*¹² in which judgment was pronounced in 1910. He declined to admit that the work of a steward was skilled—"skilled in the sense that a carpenter is skilled"—and adhered to his belief that 7s. a day was the proper minimum wage for a man of average capacity having no trade. But in fixing the wages of stewards he not only made deduction for their board and lodging which he estimated as being equivalent to £2. 5s. (\$10.95) per month, but also made allowance for the "tips" or gratuities which they received from the passengers.

The employees urged strenuously that these gratuities should not be taken into account since they did not come from the employer, but the judge quoted a decision of the Court of Appeals in England, in a case under the Workmen's Compensation act,¹³ to the effect that "tips" given to a waiter in a restaurant were to be counted among his "earnings in the employment of the same employer." "In the present case," continued the judge, "I have discovered that the employers do actually take into account the prospective tips in fixing the wages to be paid. It is curious to reflect that when a grateful passenger bestows on an attentive steward an extra gratuity for his special benefit, the benefit goes to the other stewards also, and that ultimately gratuities operate as a grant in aid of the company. For what is received in tips is deducted from wages."

The president felt that he could not fail to take account of the tips if he were to remain true to his doctrine of what constituted a living wage:

The stewards come in contact with the passengers; the cooks and galley-men do not, and it would be unjust to the latter if I shut my eyes to the fact that the stewards enjoy such additions to their

¹² *Federated Marine Stewards and Pantry-men's Association v. The Commonwealth Steamship Owners' Association*, 4 Comm. Arb. Rep. 61.

¹³ *Penn. v. Spiers and Pond. Ltd.* (1908), 1 K. B. 766.

means of living. It is true that tip money does not come from the employer, but if the price of food suddenly dropped, and rent and the cost of clothes, I should have to reduce the minimum wage in favor of the employers, although the fall in prices is not due to them. . . . How is it possible for me to treat a steward more liberally than a pick and shovel man, if I do not find in the steward a higher degree of skill or some other exceptional circumstances?

The evidence seemed to indicate that tips on the average yielded about £2 (\$9.73) a month. This amount, and that allowed for food and lodging, added to existing wages, which were £5 a month, made the average income of stewards £9. 5s. (\$45.05) per month. "This," said the president, is "an income fully equal to that which I have laid down as the minimum for unskilled labor."

The president allowed, however, an addition of 10s. (\$2.43) to this amount not because of skill, but because of the "exceptional obligations" imposed on stewards:

They have to keep up a good appearance, wear a uniform, exercise tact with the passengers, and bear responsibility for their employer's property. They bear the expense of their own uniform and laundry; and although this feature of their position has been absurdly magnified, there is no doubt that they do spend more on their washing and their clothes than they would if they had not to don an official jacket and look smart.

To the reader of Mr. Justice Higgins' decisions it is a matter of some surprise that the basic rate, 7s. a day, fixed by the court in 1907 on the basis of the cost of living, has not since been changed, in spite of the noticeable advance since then in the cost of living. It is the more striking when one considers that the judges in other arbitration courts who, as Mr. Justice Higgins has himself observed, had adopted his standard, no longer regard it as sufficient. For some time the New Zealand Arbitration Court considered 8s. (\$1.94) per day as the standard rate for unskilled laborers working eight hours per day and recent decisions of that court seem to indicate that 9s. a day is now accepted as the minimum rate. The New South Wales Court a year or two ago advanced its basic rate from 7s. to 7s. 6d. (\$1.82) and acting Judge Scoles told the writer in February, 1912, that he was considering the question of a further advance to 8s. No uniformity in this matter could perhaps be discovered in the determinations of wages boards, as these determinations are so largely the outcome of collective bargaining, but it is probable that the chairmen of most boards would now consider 7s. a day as insufficient for an unskilled laborer.

The reason that the Commonwealth Arbitration Court has not seen its way clear to raise the basic rate above 7s. is that the president has felt that no reliable evidence has been furnished as to the extent of the increase in the cost of living. In the *Federated Engine Drivers* case¹⁴ the employers apparently felt so well satisfied with the 7s. basis that they asked that it be taken as the basic rate for such places as Melbourne. The employees naturally asked for higher rates. The president said:

I decline to make the basic wage definitely higher in amount on the present loose materials although I cannot help allowing the general tendency to an increase in the cost of living to influence my award in some respects. I have to consider future disputes. A hasty finding on such a subject might do a great deal of harm.

Mr. Justice Higgins has told the writer that he would be very much helped in reaching a decision as to what is a proper basic rate, if the government statistical offices would make a careful investigation into the cost of living in Australia, and that he would accept the conclusions of such an investigation if it were properly conducted. Some data of this sort from the office of the government statistician have been presented to the court but it has not seemed to the president to be sufficient for his purpose. He said of these figures in the *Engine Drivers* case: "I must have stronger and more precise, cogent, detailed evidence before I give quantitative expression to the increase in the cost of living." It is only fair to Mr. G. H. Knibbs, the government statistician, to say that he recognizes that such information as to the cost of living as his office has been able, so far to present, is by no means conclusive and he desires authority and funds to conduct a more complete inquiry.

In his more recent decisions, especially in the last one which has come to hand, and which was handed down at the close of 1912,¹⁵ Mr. Justice Higgins lays great emphasis on the recent increase in the cost of living. In most of the recent cases, however, he has had to deal almost exclusively with skilled laborers whose wages in any case would be above the living wage rate. It is quite likely that when he comes again to fix the rates of

¹⁴ *Federated Engine Drivers and Firemen's Association of Australia v. The Broken Hill Proprietary Company, Ltd. and others*, 5 Comm. Arb. Rep.

¹⁵ *Australian Tramway Employees Association v. Prahran and Malvern Tramway Trust and others*, 5 Comm. Arb. Rep.

pay for unskilled labor, he will demand that new evidence be furnished as to the necessary costs of living.

III

So far we have been dealing only with the wages of unskilled laborers, and the doctrine of Mr. Justice Higgins that the minimum wage should be such as will cover "the normal needs of the average employee regarded as a human being living in a civilized community," has been applied by him in fixing the remuneration of unskilled laborers. To this basic rate must be added something in the case of skilled laborers as compensation for their skill and as a reward for having made the sacrifices necessary in order to learn a trade. It is a curious anomaly that strikes every American investigator of industrial conditions who travels in New Zealand and Australia that, while the wages of unskilled laborers are usually higher in Australian cities (especially when allowance is made for the almost universal eight-hour day there) than in cities of the same size in America, the wages paid to most classes of skilled laborers are higher in America. I do not pretend to be able to explain fully this anomalous situation. I suppose it is due, first of all, to the fact that the enormous immigration into this country keeps the supply of unskilled laborers large and their wages low and, in the second place, to the fact that the greater use of labor-saving machinery in American factories, the higher speed at which it is run and the greater use made of the piece-rate system makes the productivity and therefore the earning power of the American skilled laborer higher than that of his Australian contemporary.¹⁶ Something also must be allowed for the fact that unskilled laborers in Australia are much better organized than they are in the United States. Whatever may be the explanation, it is certain that the gap between the wages of the skilled and the unskilled laborers in America is much wider than it is in either New Zealand or Australia. This impression, which I have gained from observation as well as from official reports, was abundantly confirmed by the testimony furnished me by Australian skilled laborers who have also worked at their trade in the United States or Canada.

The ways in which the various arbitration courts fix the mini-

¹⁶ Mr. Justice Higgins has observed this fact and has commented upon it in the *Boot Trade* case, 4 Comm. Arb. Rep., p. 12.

mun wages for skilled laborers in Australasia show less uniformity than they do in the case of unskilled labor. In New Zealand the practice has become well nigh stereotyped. Wages of unskilled laborers were fixed until recently at 8s. (\$1.95) per day, and the minimum for skilled laborers in most trades was then made 10s. (\$2.43) per day. If the work required unusual skill or the occupation was a seasonal one, or forty-four instead of forty-eight hours a week were worked, a minimum rate of 11s. (\$2.67) was usually set.¹⁷ One wonders at times whether the gap between the wages of skilled and those of unskilled laborers in Australia is sufficient to afford an inducement to parents to have their boys learn a trade; and not only employers, but judges of arbitration courts and chairmen of wages boards have expressed to me their doubts on this subject. The question of apprenticeship and of possible substitutes for it is causing much concern in Australia today, and is receiving the consideration of some of the ablest men in public and private life.

Mr. Justice Higgins has not only expounded with greater fullness and clearness than have other judges the doctrine that a living wage for the lowest grade laborer should form the basis of the minimum wage, but he has, it seems to me, hit upon the correct principle of fixing the minimum wage for skilled laborers. He has done this so often that it is best to allow him to explain it in his own way. This statement of principle, like the doctrine of the living wage, goes back to the Harvester case¹⁸ where the judge said:

I have generally solid precedents for my standard in the actual practice of experienced employers in great undertakings; and sometimes precedents in awards and wages boards determinations. In cases where I had not the benefit of such guidance, I have freely availed myself of the applicant's own practice, as to the proportion which he maintains between the laborer's wage and that of the several classes of artisans. I make use of his practice as a kind of check or regulator of my conclusions. For instance, the

"Mr. Justice Sim, of the New Zealand Arbitration Court, and both of his associates, Messrs. Scott and McCulloch, told me that this was their practice at the time, and it seems to be borne out by an examination of all but the most recent awards. Of course, the court wishes employers to understand that this is merely a minimum rate and is neither a standard nor a maximum rate. Such statistics as have been gathered by the New Zealand Department of Labour, show that average wages in most trades are considerably above the minimum fixed by the court.

¹⁸ *Ex parte H. V. McCay*, 2 Comm. Arb. Rep. 1, p. 16.

applicant's laborer's wage is 6s., and the wage of his sheet-iron workers is 8s. Having fixed the laborer's wage at 7s., I put the wage of the sheet-iron worker at 9s., on the strength of a New Zealand award and such other materials as are before me; and I feel more confidence when I find that I keep nearly the same proportions as the applicant. The ratio of wages paid by an employer is a tolerably safe guide as to the relative merits of the two classes, although the absolute amounts may be too low. There is, therefore, nothing violent or fanciful in my standard. I do not regard it as my duty to fix a high wage, but a fair and reasonable wage; not a wage that is merely enough to keep body and soul together, but something between these two extremes. Having settled the minimum remuneration which I regard as fair and reasonable for the several classes of employees mentioned in the schedule, I may safely leave the men of special skill or special qualifications to obtain such additional remuneration as they can by agreement with the employer. As I am not an expert in the trades, or any of them, I cannot attempt to appreciate the nice points of distinction in the higher ranks of labor. I have dealt only with men of average proficiency.

It is, however, not only a difference in skill which Mr. Justice Higgins has recognized as a reason for a difference in wages. Not being revolutionary in his mental make-up, and considering himself as limited by the purposes and wording of the Conciliation and Arbitration act, he gives full weight to trade practices and social customs so far as they do not tend to lower wages below the living wage limit. In fixing the remuneration of ships' officers in 1910,¹⁹ he said:

I have to keep in mind that I am considering the case of officers—not laborers; and, inasmuch as the ideal of the Court is industrial peace, not any theoretical justice as between classes, I must allow weight to existing conventions and prejudices—to usages which are almost as imperative as natural laws. The masters and officers are required by their employers to keep up a certain appearance. The printed regulations of the companies require them to wear handsome uniforms—with distinctive badges, buttons, gold lace, trappings. . . . The expenditure is admittedly considerable; it is a burden which falls on the officers, and it must be taken into account in fixing the minimum wage necessary for a man in an officer's position.

In fixing piece-work rates, something which the Commonwealth Arbitration Court has seldom been obliged to do, Mr. Justice Higgins has followed the universal Australasian practice of re-

¹⁹ *Merchant Service Guild v. The Commonwealth Steamship Owners' Association*, 4. Comm. Arb. Rep. 89.

ducing the piece-work rates to a time basis in order to find out what an average worker would receive in a day. Thus in the Shearers case²⁰ the president said that the attorneys on both sides agreed with him that "the only way of applying this system to piece work is to reduce the piece-work rates to a time-work basis—to find the piece-work rates which would enable an average shearer to earn such wages per week as may be found to be the just minimum for a shearer to receive if he were paid by time."

It is interesting to note that in this case Mr. Justice Higgins, following his usual custom of first fixing the minimum wages for unskilled laborers—in this instance the "shed hands,"—on the basis of his uniform rate of 7s. per day, then allowing an additional 6s. per week for traveling expenses, and then fixing the wages of shearers 12s. per week higher in order to maintain the existing proportion between the two grades of laborers, reached as his minimum rate of pay for shearers 60s. per week or 24s. per 100 sheep. This was the exact sum that had been fixed in this occupation three years earlier by Mr. Justice O'Conner, who had, however, reached his conclusion by assuming that fair wages had been fixed by the terms of an industrial agreement made in 1891, and that an extra 4s. per 100 should be added because of an increased density of wool, which made shearing more difficult.²¹

One further application and variation of his minimum wage principle has recently been made by Mr. Justice Higgins in fixing the wages of women workers. In the two irrigation settlements of Mildura and Renmark along the Murray River, the first being in Victoria, the latter in South Australia, there have developed within the last decade some important and flourishing fruit-growing industries. During the fruit-picking season when many casual laborers are attracted to these settlements to gather the grapes, apricots, etc., a considerable number of men, women, and children, are employed. Other labor, chiefly that of women and children, is used during other parts of the year in preparing the fruit for market. In a case²² which came before the Commonwealth Arbitration Court in 1912, the unions representing the workers set up

²⁰ *The Australian Workers Union v. The Pastoralists Federal Council and others*, 5 Comm. Arb. Rep.

²¹ 1 Comm. Arb. Rep. 62, pp. 92-93.

²² *Rural Workers and the South Australian United Laborers Union v. The Mildura Branch of the Australian Dried Fruits Association and others*, 5 Comm. Arb. Rep.

the claim that the women should receive the same wages as the men or as they said, "equal pay for equal work." This phrase, the president said implied, "unequal pay for unequal work." He admitted that in occupations where men were chiefly employed and the rate of pay had to be fixed on the basis of the needs of a man with a family, it was proper that women who did the same work should receive the same pay:

The minimum can not be based on exceptional cases. . . . If blacksmiths are the class of workers, the minimum rate must be such as recognizes that blacksmiths are usually men. If fruit-pickers are the class of workers, the minimum rate must be such as recognizes that up to the present, at least, most of the pickers are men (although women have been usually paid less), and that men and women are fairly in competition with each other. If milliners are the class of workers, the minimum rate, must, I think, be such as recognizes that all or nearly all milliners are women and that men are not usually in competition with them.

He therefore admitted the right of women employed as pickers, to be paid at the same rates as were paid the men, 1s. (24 cents) per hour; "and the employer will then be at liberty freely to select whichever sex and whichever person he prefers for the work."

In the case of the packers, however, the work was found to be essentially women's work and the rate of pay was fixed at 9d. (18 cents) per hour. This wage was fixed on the same principle as the minimum wage was fixed for men, *viz.*, that it was "a fair minimum wage for these women, assuming that they have to find their own food, shelter and clothing," but also assuming that, for the most part, they are not under the same obligations as are most men to provide for the needs of a family.

IV

Such, briefly set forth, are the principles on which the Australasian courts, and more especially the Commonwealth Arbitration Court under the presidency of Mr. Justice Higgins, are attempting to fix wages. Owing to the fact that the president of the Commonwealth Court is selected from among the members of the High Court of Australia, a body corresponding in rank and prestige to the United States Supreme Court, the judgments of such a man exercise a great influence on the judges of the state courts, even though they are not bound to follow these precedents. Both

Mr. Justice Sim of the New Zealand Court of Arbitration and Judge Scoles of the New South Wales Court told me that in reaching their decisions they had been influenced more or less by Mr. Justice Higgins' view as to what should be the basis of the minimum wage, and more than once have I heard in the meetings of wages boards his standard of 7s. per day referred to by employers as a reason why the board should adopt that standard for common labor.

In view of the fact that the needs of the workers have been so often emphasized by the Commonwealth Arbitration Court in fixing the minimum wage, the question may well be asked what consideration, if any, is given to the needs of the employer and the ability of the industry to bear the burden of an advance in wages. It must be admitted that there are statements in the decisions handed down by Mr. Justice Higgins, which if taken from their context and quoted separately, might seem to indicate that the interests of the employers had been overlooked as when in the Harvester case it was said: "If the profits are *nil* the fair and reasonable remuneration must be paid, and if the profits are 100 per cent, it must be paid." But this decision, it must be remembered, was given, not under the Arbitration act, but under the Excise Tariff act. Parliament had by that act merely offered to the manufacturer a *quid pro quo*. It had said: "If you give your employees fair and reasonable remuneration, we will give you the benefits of a high protective duty and we will leave to the Arbitration Court the decision as to whether or not your wages are fair and reasonable."

It cannot, I think, fairly be claimed that Mr. Justice Higgins has failed to consider the employers' point of view. Most people who advance this claim have never read carefully the full decisions, but have reached hasty conclusions from reading extracts from the decisions in the newspapers or from reading editorial comments on the part of a hostile press. While holding rigidly to his point of view that the prime consideration—one to which all other considerations must give way—is a living wage for the average employee, the president has always insisted that the thing next in importance is the ability of the industry to sustain the wage increase. In order to make this possible, he has insisted that the employer must be left perfectly free to select men whose earning power is equal to the wages fixed. "It is," he has said, "one of the recommendations of the minimum wage from the employer's

point of view—he can select the best man available when he has to pay a certain rate.”

The Conciliation and Arbitration act (secs. 38s, 84, 85, 86) gives the president of the court authority to examine the books and papers of employers in case he deem it necessary, and this power is exercised whenever employers put forth the claim that their businesses are not capable of paying the wages which the court proposes to award. It has seldom happened, however, that employers have urged this claim; generally they or their counsel have admitted that the industry in question was capable of sustaining the increase. In the Boot Trade case,²³ some of the manufacturers did urge their inability to pay the increase asked for by the men, and after examining the evidence submitted the judge said: “I cannot ignore the facts disclosed privately, by certain manufacturers. . . . There is evidence of close competition, interstate and within the State, and there is evidence that a great increase of wages would probably lead to increased importation in several lines in spite of the protective duties on goods.”

To hold that an industry in general, is incapable of an increase of wages is, however, quite a different matter from saying that a particular establishment cannot stand an increase of wages. “There is,” says the president, “a clear distinction between the profits of which an industry is capable, and the profits which an individual employer makes. It would be madness to fix a lower wage for a thriftless, shiftless employer than for a rival who uses skill and enterprise and up-to-date appliances.”²⁴

What, it may be asked, is the attitude of the court towards a claim for a living wage made by men employed in an industry which, through no fault of management, is becoming unprofitable? In the struggle between profits on one side and the standard of living on the other, which side does the court support?

Now this is precisely the question which was raised in what is probably the most famous case which has come before the Commonwealth Arbitration Court.²⁵ The Proprietary Company, a great mining and smelting company, operating mines and smelters

²³ *Australian Boot Trade Employees Federation v. Whybrow and Co. and others*, 4 Comm. Arb. Rep. 1.

²⁴ 2 Comm. Arb. Rep. 65.

²⁵ *Barrier Branch of the Amalgamated Miners Association of Broken Hill v. The Broken Hill Proprietary Company, Ltd.*, 3 Comm. Arb. Rep. 1.

at Broken Hill and Port Pirie and employing over 4,000 men, had announced a reduction of wages which was resisted by the employees in open court. The company confessed its inability to continue operations on a profitable basis if it were compelled to maintain existing wages. At the existing rate of extraction of the ores, and with the price of metals so low, it would not pay to operate the mine more than two and a half years. It was thought that the company would lose about 8s. per ton of concentrates or 1s. 4d. per ton of crude ore. The company argued that if it were allowed "to reduce the wages bill by some £60,000 to £70,000 per annum—in other words, to reduce the cost by some 10s. 9d. per ton of concentrates—this would turn the loss of 8s. per ton into a profit of 2s. 9d. per ton."

The answer to this plea on the part of the court reflects unmistakably the view as to the proper relations between labor and capital which is today held by the majority of Australians. Having decided, as we have heretofore observed, that the existing rates of pay were not too high to cover the "normal needs of an average employee" living under conditions such as existed at Broken Hill, Mr. Justice Higgins declared:

If a man cannot maintain his enterprise without cutting down the wages which are proper to be paid to his employees—at all events, the wages which are essential for their living—it would be better that he should abandon the enterprise. This is the view independently adopted by Mr. Justice Gordon in Adelaide, and Mr. Justice Burnside in Western Australia. The former said in the Brush-makers case, "If any particular industry cannot keep going and pay its employees at least 7s. a day of eight hours, it must shut up." In the Collie Miners case, Mr. Justice Burnside refused an application of the employers to lower the minimum, and said, "If the industry cannot pay that price, it had better stop, and let some other industry absorb the workers." Both the other members of the Court concurred in the latter decision. (6 W.A. Arb. Rep. 84.)

The president did not attempt to deny that the Proprietary Company might have to close its mines, but he pointed out that it would be unfair to hold the Arbitration Court responsible for this result. "What stops the mining is the deficiency of paying ore." Nor was he misled by the argument that it was in the interest of the employees that the mine should remain open, even if it had to reduce wages. He agreed with the leaders of the union that a surrender of the living wage was a surrender of the vital point of unionism, and that the Conciliation and Arbitration act

has as one of its "chief objects" (sec. 2) "to facilitate and encourage the organization of representative bodies of employers and of employees." Therefore he said: "I face the possibility of the mine remaining closed with all its grave consequences; but the fate of Australia is not dependent on the fate of any mine, or of any one company, and if it is a calamity that this historic mine should close down, it would be a still greater calamity that men should be underfed or degraded."

Once having established his point that a living wage is to constitute the irreducible minimum—"a thing sacrosanct, beyond the reach of bargaining"—below which wages of average employees may not be allowed to fall, Mr. Justice Higgins is, however, quite willing to allow that the prosperity of an industry will have to be considered in fixing the wages of the higher grade workmen.

In the Boot Trade case, we have seen that interstate and foreign competition entered in to keep the wages for skilled and semi-skilled workers lower than the president would otherwise gladly have allowed, and that the judges of other arbitration courts and the chairmen of wages boards have met the same difficulty in this same industry. Furthermore, Mr. Justice Higgins has said that "when the skilled worker has once been secured a living wage, he has attained nearly to a fair contractual level with the employer, and with caution bargaining may be allowed to operate." In this same Broken Hill case which we have been considering he said that where an industry was just being established, it was possible that workmen of skill might work for a time at less than their proper wages in order to assist in the establishment of an industry which would give more opportunities for employment in the future. For these reasons he thought it was "advisable to make the demarcation as clear and definite as possible between that part of wages which is for mere living and that part of wages which is due to skill or monopoly, or to other considerations."

In other ways than in the arrangement of the wage scale, Mr. Justice Higgins has shown a desire to interfere as little as possible with the employer's right to manage the industry in his own way. He has shown no patience with the demands of the unions that certain regulations be imposed on employers, supposedly in the interest of the employees, but which would hamper the employers in the conduct of business. Although the Com-

monwealth Conciliation and Arbitration act distinctly provides (sec. 40, 1a) that the court may give preference to unionists, and although the New Zealand court and the Australian state courts have repeatedly granted preference, Mr. Justice Higgins has steadily expressed his unwillingness thus to restrict employers in the selection of employees. In only one case—the last one for which the record has come to hand²⁶—has the Commonwealth Court allowed the claim of the union for preference of employment to its members. In this case the claim was allowed only because the (American) manager of the Brisbane tramway lines refused to promise to discontinue his practice of discriminating against the members of the claimant union, and the president said: “I am forced to make an order for preference in a form which, I hope, is so guarded as not to curtail the efforts of the manager to get efficiency in his service.”

It is true that with most (not all) employers who have appeared before the Commonwealth Arbitration Court as parties to a dispute, the present president of that court is by no means popular, and this same feeling is shared in some degree by the attorneys who have appeared in behalf of the employers. I was at some pains to inquire into the causes of this unpopularity, and while the explanations given were not always the same, I am of the opinion that the unpopularity is due not so much to a feeling that the judgments themselves are unfair, as it is to a certain acerbity of manner shown by the judge in dealing with employers when they have appeared on the witness stand, and to certain infelicitous phrases contained in the decisions themselves, such for example as this:

The power of the employer to withhold bread is a much more effective weapon than the power of the employee to refuse to labor. . . . The worker is in the same position, in principle, as Esau when he surrendered his birthright for a square meal, or as a traveller is, when he has to give up his money to a highwayman for the privilege of life.

Such expressions are unfortunate when they come from a judge enjoying great prestige and wielding enormous power, for they seem to indicate a bitter feeling towards the employer, a feeling which I am sure Mr. Justice Higgins does not share. The strong expressions of opinion are due rather to the fact that

²⁶ *Australian Tramway Employees Association v. Prahran and Malvern Tramway Trust*, 5 Comm. Arb. Rep. (Dec. 21, 1912).

he sees so clearly the fallacy in the assumption that freedom of contract exists in reality between the individual laborer, without property, and the modern employer with the vast resources at his command.

The position of an arbitration court judge is by no means an enviable one. He is sure to be accused of prejudice either by employers as a class or by the employees. Mr. Justice Sim of the New Zealand court is as unpopular with employees as is Mr. Justice Higgins with employers, and with as little reason, for the minimum wage fixed by the New Zealand court is from 1s. to 2s. per day above that thus far adhered to by Mr. Justice Higgins, and Mr. Justice Sim has pushed the doctrine of preference to unionists farther than has been done by any of his predecessors or in any court that I know of.

Having read carefully all of Mr. Justice Higgins' decisions, and having discussed these matters at great length with him in conversation, I feel warranted in saying that he gives no evidence of bias, and I believe that most economists will agree with me that the principles on which he has based his judgments are fundamentally sound and that he has with relentless logic argued his way to safe and sane conclusions.

He has certainly expressed, at greater length and with greater clearness than has any one else, the ideals which have animated the Australian people and the Australian lawmakers in placing on the statute books the body of social legislation which has drawn the eyes of all the world to Australasia, and which marks the most notable experiment yet made in social democracy. It is only fair to this interpreter of a new spirit that he should have the last word in summing up the philosophy which underlies this new movement:

I wish it were clearly understood that it is not my function to prescribe to the captains of industry how best to do their business. My function is to secure peace—if possible; and, in order to secure peace, to provide that the employee shall have a reasonable return for his labor—above all, sufficient means to meet the primary wants of human life—including opportunities for rest and recreation. A growing sense of the value of human life seems to be at the back of all these methods of regulating labor; a growing conviction that human life is too valuable to be the shuttlecock in the game of money-making and competition; a growing resolve that the injurious strain of the contest—but only so far as it is injurious—shall, so far as

possible, be shifted from the human instruments. But, in all other respects, employers are to be left free to use their own judgment and discretion, in their efforts to meet the difficult conditions of modern industry.²⁷

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²⁷ 4 Comm. Arb. Rep. 101.

PENSIONS AS WAGES

The growing demand on the part of employees for pensions is really a demand for higher wages, using the expression *wages* in its broad sense, as the return which the employee gets from his labor. A pension is as much a part of an employee's real wages as are conditions of labor, guarantee of steady employment, board and lodging (where these are included), medical attention, half pay in case of sickness, and other features not included in the actual money wages received. Theoretically, the simplest way of dealing with labor would be the payment of a money wage, requiring the employee to provide for the hazards of employment and his old age. While here and there an employee does this, by and large the mass of employees do not.

In order to get a full understanding of old-age and service pensions, they should be considered as a part of the real wages of a workman. There is a tendency to speak of these pensions as being *paid* by the company, or, in cases where the employee contributes a portion, as being *paid* partly by the employer and partly by the employee. In a certain sense, of course, this may be correct, but it leads to confusion. A pension system considered as part of the real wages of an employee is really paid by the employee, not perhaps in money, but in the foregoing of an increase in wages which he might obtain except for the establishment of a pension system.

In thus viewing pensions as part of real wages, I do not wish to overlook the humanitarian motives of the employers in establishing these pension systems. On the other hand, a temperamental treatment of the wage question leads to unsound conclusions. The establishment of pension funds by large employers of laborers proceeds, I believe, not so much from any humanitarian motive (except in so far as that is induced by public opinion) as from a recognition that the establishment of pension funds is profitable in attracting a more desirable class of employees, leading to permanency of service, and therefore increasing the collective efficiency of the employees.

In most of the established private pension systems, one striking fact stands out which is of the utmost importance in the treatment of pensions as a form of wages. This fact is that the employee has no contractual right in the pension fund. As

an example of this, take the provision in the pension plan of the International Harvester Company:

Neither the establishment of this system nor the granting of a pension, nor any other action now or hereafter taken by the pension board or by the officers of the company, shall be held or construed as creating a contract or giving to any officer, agent or employee a right to be retained in the service, or any right to any pension allowance; and the company expressly reserves, unaffected hereby, its right to discharge, without liability, other than for salary or wages due and unpaid, any employee, whenever the interests of the company may, in its judgment, so require.

And the pension plan of the New York Central Lines provides:

Rule No. 9.—No action of the Board of Directors in establishing a system of pensions, and no action by the Board of Pensions in the operation of the Pension Department, shall be construed as giving to any employee of this company a right or claim to any pension allowance.

Now this absence of any contractual right is of vital importance to the employee. He foregoes an increase in his wage for the establishment of a pension, but he gets no right to that pension. There is an absence of what in legal parlance is called "mutuality of consideration." Whether such provisions precluding any contract right would be upheld in the courts is not especially in point in this discussion. In a New York case (*McNevin v. Solvay Process Co.*, 32 App. Div. 610; affirmed 166 N. Y. 530), the court held that an employee of a private corporation which established a pension fund to which the employee had not contributed, had no right to the accrued share of his pension on dismissal. The court said: "Under the regulations established, it seems to me that none of the employees has a vested interest in any part of this fund, even though credited upon his pass book, until the gift is completed by actual payment. Until that time it is an inchoate gift." It might be well, however, to suggest that lack of consideration has always given the equity side of the courts opportunity to step in. It is not improbable that if the matter were ever brought into the courts elsewhere, this particular part of the plan might be set aside on this ground as well as on the ground of being against public policy. Whatever the legal results may be, the intent on the part of the employer is perfectly clear. From the point of view of the employee the attractiveness of a pension plan consists

in the provision which is made for his old age. With the assurance of provision for his old age, he may adopt a higher standard of living; he may spend what otherwise, assuming he were prudent and thrifty, would be set aside by him for his old-age provision. If he has no contractual right in the pension, he has no assurance of protection. He may die, he may be dismissed at any time, the business may fail or be discontinued, and all the fancied protection disappear. Under such plans, the employee is staking his old-age provision and that of his family upon the hazards of business and upon life itself.

The average employee who would be likely eventually to receive a pension under the plans in vogue has a family dependent upon his earnings. Yet the savings from his wages which go into the pension fund are forfeited in the case of his death (unless in connection with the pension plan there is a life insurance feature). In other words, the realization of his savings toward his old-age protection is forfeited unless he survives the prescribed period. This is in effect a tontine feature which, under the better insurance laws of this country, has been prohibited.

To illustrate by figures this situation, take the terms of the pension fund of the International Harvester Company. The pension to be paid is, for each year of active service, one per cent of the annual average pay during the ten years preceding retirement, with a maximum pension of \$100 per month, and a minimum pension of \$18 per month. Employees may retire at the age of sixty-five if they have been twenty years or more in the service. Assume, for the purposes of this illustration, an employee entering the employ of the company at the age of twenty-five and retiring at the age of sixty-five after 40 years of service, and that his average annual wage for the last 10 years was \$1,200. He would be entitled to a pension of \$480 a year. The cost of an annuity of \$480 in one of the large insurance companies at the age of sixty-five is \$4,324. To accumulate \$4,324 at 3½ per cent interest, in 40 years, requires an annual payment of \$50.03. The value to this employee, therefore, of the provision for his old age is \$50.03 each year. In other words, to provide a fund for his own old age equal to the promised provision of the company, the employee would have to set aside \$50.03 each year. Of course, this sum would be much less, in case the employee purchased at the age of twenty-five, paying

for same annually, a deferred annuity equal to the amount of his pension with the provision that in case of his death before reaching the prescribed age all his payments should be forfeited. But roughly speaking, this \$50.03 annually represents the value to the *individual* each year, in the way of an increase in wages foregone, of the promised provision for his old age. The forfeiture from the deaths and resignations in a group of employees does not result to the benefit of the individual employee but reduces the cost of the system to the employer. Now take this employee after 20 years of service. By this service he has acquired an accumulative value toward his pension of \$50.03 each year. This amounts, in 20 years, at $3\frac{1}{2}$ per cent, to \$1,463, and this is the value of the wages foregone by the employee. If he leaves the service, or his employer goes out of business, he has nothing to show for these 20 years. He not only loses the accumulated value of his pension, but it is now more difficult for him to provide for himself the same old-age provision. In the remaining 20 years, to accumulate the \$4,324 which will buy him the annuity of \$480, he must pay \$147.78 annually, or \$97.75 a year more than the \$50.03 which he was foregoing each year toward the company's pension.

The development of pension plans along such lines would seem to have certain social and economic results which should be carefully considered by employees and by the public. First, it would lead to a certain stratification of the labor class. An employee who has served 20 years toward a pension is less likely to leave that class of work or to take a chance on bettering his condition, knowing that he forfeits the accrued value of the pension. Second, there is a lack of freedom in his relation with the employer. Where the granting of a pension rests entirely in the good graces of the employer, the employee is loath to jeopardize the provision for his old age by independent action. Third, there will be a natural tendency toward a lower rate of money wages or at best the maintenance of the same level of wages, without response to increased cost of living or desires on the part of the employees as a class.

It seems to me on the whole that most of the pension systems adopted by private employers are merely very shrewd bits of wage bargaining. The absence of any contractual right and the lack of assurance that a pension will be paid upon fulfilling the

conditions, give merely the shadow of provision for old age and not the substance.

Pensions for public employees should be considered from the same fundamental bases as pensions for private employees, and they should no less be considered as part of wages. There are, however, considerations affecting public employment which, although in underlying principles no different from cases of private employees, require a somewhat different development as to method and plan. In the case of a government, the whole people is the real employer. The employees, being part of this collective employer, and having through their votes and influence a considerable power in determining the conditions of employment, the relation between employer and employee is not so distinct as in private employment, nor can the relation be quite so strict. For this reason it is generally recognized as being unwise that government labor should be organized in the same fashion as is private labor. To prevent this, however, it is necessary that the government as an employer should be the first to recognize the legitimate and proper demands and necessities of its employees.

At present there is no general pension system for the mass of employees in the federal, municipal, and state service. Pension systems are confined largely to special classes of employees, such as teachers, policemen, and firemen. They are based, in the case of teachers, on the idea that teachers are not paid very much anyway, and that therefore provision should be made for their old age inasmuch as out of their meager wages they cannot be expected to provide for their old age. In the case of policemen and firemen the pensions are, to a certain extent, based on the risk of life and the hardship of the work. The risk of life, of course, so far as it enters into a pension, has really nothing to do with the old-age pensions, but is an indirect form of employers' liability. In most of the pension plans for public employees, there is no contractual right except as to the obtaining of the pension upon fulfillment of the conditions. Upon death or separation from the service the employee forfeits the accrued value of his pension together with whatever contributions he may have made to the fund.

That there is a growing demand on the part of public employees of all classes for pensions is evident to anyone at all familiar with official life, and the question of meeting this demand will be a prominent one among the administrative problems of

the future. No less than in private employ, this demand represents a desire and in many cases a very grave necessity for higher wages. Public employees as a class feel that they are not being paid sufficiently. In many branches of the federal service, wages are still at the standard of years ago. Few public employees are able or willing to make provision for old age out of their salaries. The result is that most governments have what is in effect a pension system without any resulting benefit. Men are kept in official service long beyond their period of usefulness because it is easy for governmental authorities to gratify private charitable impulses at public expense.

Not only does the government suffer loss through the poor quality of work done by such employees and through their incapacity to do full work, but the deadening effect on the government service through this retention of the superannuated naturally impairs the efficiency and morale of the whole force. Moreover, the lack of opportunity for promotion, resulting from clogging up the higher positions with the superannuated, makes the service unattractive and prevents the government from obtaining as efficient a class of employees as it might otherwise do.

In the federal service the main difficulty in the way of adopting a pension system is the conflict between those who contend that the government should pay the pension and those who contend that the employee should pay the pension, or rather that out of the present wage of the employee he should be required to set aside, under government control, sufficient to provide his own pension. Considering pensions as part of wages, as in private employ, this conflict resolves itself into the question whether the present scale of wages, paid employees in the federal government, is sufficient to justify requiring the employees to set aside out of such wages the savings necessary for their pensions. That this is the question is recognized generally by advocates of the so-called "contributory" plan when they say that where wages are found to be inadequate the remedy is to increase the wage. The difficulty with this is that an increase under such a plan would be apt to take the form of a flat rate of increase applying to classes of salaries or wages generally, and not meeting individual cases. Thus, for an illustration, assume two employees, one thirty-five years old and the other forty-five, each getting a salary of \$1200. Under the contributory plan the employee forty-five years old must contribute more to provide for

his pension than the younger employee, yet any increase that would naturally be made would be to raise the salaries of all \$1200 men.

The very demand for pensions on the part of the government employees indicates that the present salaries are not sufficient, according to the ideas of the employees. The logical way to treat this situation would be for the government to pay the pensions and then adjust the money wages accordingly. To expect the employee to provide for a pension system out of his present scale of wages and then rely upon future increases in wages, is to force the employee into the field of collective bargaining for such increases. This would not necessarily take the form of labor unions, but possibly might resolve itself into a more dangerous method, that of lobbying and attempting to influence the election of representatives. Inasmuch as the government is maintaining a quasi-pension plan which it is highly desirable should be abolished, and inasmuch as the adoption of an intelligent pension plan would benefit the government quite as much as the employee, it would seem only the part of wisdom and decent interest in the welfare of its employees, such as the age demands of the government, for it to take the initiative.

Two things should be insisted upon: the separate treatment of each individual as to his pension and the proper funding, year by year, of a pension fund. Unless pensions are treated individually, there is a tendency to overload the fund for special cases or the fund becomes a general grab-bag. Unless proper provision is made for the funding year by year (so that pensions are not merely paid out as part of current expense), there is no way of finding just what pensions are costing nor of checking up and making adjustment. A pension fund of the government should be conducted with the same precision and fiscal intelligence as are the funds of insurance companies and railroads.

Under a system which, starting on the basis of the present rate of wages, the government should pay in addition to these wages the amount necessary for the pension, there would work out, by and large, a better adjustment of wages than could be expected under the contributory plan. For example, take the same two employees, aged thirty-five and forty-five, each getting a salary of \$1200. The pension contribution by the government in the case of the younger employee would be much less than in the case of the older employee, and when, in the natural progress of service,

the time came around for the older employee to receive an increase in salary, it could be pointed out that he was already receiving an increase in the shape of a pension contribution, and in that way wages of employees could be better adjusted to meet individual cases.

In other words, under the contributory plan the tendency would be to raise the wages by some rule of thumb with not so much reference to any individual case as to specific rates of wages. Under the plan in which the government should contribute the pension in addition to the present rate of wages, through promotion and normal salary increases, there would be a better and more exact opportunity for adjusting the individual case, and in the course of a very few years the general situation would be, one might almost say, automatically adjusted.

Considering pensions as a part of wages, the contributions made each year to the pension fund by the government should be considered, subject to one exception, as deferred wages, payable to the employee upon separation from the service, or to his heirs in case of death. The exception to this general principle should be in the case of the early years of service. A pension is not a mere increase in wages; it is an inducement to continued service. Many persons enter government service as a temporary occupation. The right of the employee, therefore, to the accrued value of his pension should not commence until he has passed what might be called the temporary stage. Roughly speaking this would be five or six years, and the accrued value of the pension returned to him upon separation would commence with the beginning of what might be called the more permanent service.

There are two ideas underlying this return of the accrued value of the pension. First, the natural one following from the consideration of a pension as a form of wages, that the accrued value of the pension is actually earned by the employee and as a matter of morals should be returned to him. Second, and this is particularly important in government pensions, the natural instinct of government authorities would be not to dismiss an employee where such dismissal meant the forfeiture of a considerable money value. This is human and obtains very largely, I imagine, in private employment. It obtains to a much greater extent in public employment where there is no pocket nerve touched by the retention of the inefficient. It would make the dismissal of the inefficient government employee much easier for the removing

authority if the accrued value of the pension fund were given him upon dismissal.

A third idea may be added. To the author's mind the success of democracy depends upon the absence of rigid classes or strata among the people. We do not want to develop an office-holding class, except upon the basis of proven efficiency. We, therefore, should not make it difficult for the employee in the government service to get out of the government service because of the lure of a pension at the end of a stated time, the accrued value of which he forfeits if he leaves. We should not make it difficult for those in authority to remove the inefficient because of the forfeiture of the accrued value of the pension.

Considering pensions as wages, and not mere gratuities, such as might have been given by the Stuarts to their court favorites, it seems that a sound pension plan should be developed on the following principles:

(1) Pay the sums necessary to maintain the pension fund over and above the present scale of wages of its employees.

(2) Treat each employee's pension separately.

(3) Make proper funding provision upon actuarial calculation and set aside year by year the necessary sums.

(4) Give to each employee, upon separation from the service, or, in case of death, to his heirs: (a) the accrued value of his pension, or (b) the commutation of such value in the shape of a smaller annual pension, the accrued value of the pension to be determined from such point in his service as would exclude refund in the case of merely temporary service.

ALBERT DEROODE.

THE RISE OF THE IRON MOLDERS' INTERNATIONAL UNION

A STUDY IN AMERICAN TRADE UNIONISM

The undergraduate student of economics who knows anything at all of the history of modern labor organizations generally receives his knowledge either from reading the epoch-making work by Sydney and Beatrice Webb on *The History of Trade Unionism*, or from the lectures which are themselves based upon this book. In either case, the student is led to conclude that modern trade unions were first developed in England and were later transplanted in full bloom to American soil. If the instructor has been sympathetic in his treatment of the principles of trade unionism, he has made his students feel that this institution is one of the blessed heritages which the Old World has bestowed upon the New; if, on the other hand, he has taken an antagonistic attitude toward labor organizations, he has left the impression that the once mother country has used this gift as a means of handicapping the industrial development of her alienated yet feared child.

Whether we look upon the development of American trade unions as a movement to be fostered or one to be suppressed, we cannot dismiss its past by thus placing upon England either the praise or the blame for the presence of this force which helps to determine the relations between American employers and their employees. Of course it is true that the labor organizations of this country have not always kept pace with those of England. The reasons for this we need not discuss here. It is true also that at times the English unions have been a decade or more in advance of the American. But the conclusion which is so often drawn from these facts—namely, that American laborers have looked to the English unions for leadership—is hardly justified. Instead, American unions, as I shall attempt to show in the following pages, have followed their own line of development. In order to trace this evolution, I have chosen for study a trade which may be taken as fairly typical and which shows the stages of development perhaps as clearly as any.

It must be recognized at the outset that not all groups of workmen have had the same grievances to complain of, and hence not all American trade unions have been organized to redress the same wrongs. Yet in practically all of them we are able to trace at least three well-defined stages.

I

Previous to 1847 there were strikes among the iron molders of the United States, and during at least two periods, 1836-1837 and 1843-1844, we have some evidence of temporary organizations of the journeymen.¹ No adequate records of these movements have been left us and we know very little of their methods or of their history. We know, however, that these early organizations were more or less sporadic in their nature and existed merely for strike purposes, passing out of existence with the termination of the strike which called them into being. But beginning in 1847 it is possible to trace the history of organization in this trade as an almost complete narrative. Due to the Irish famine of 1847 and the failure of the European revolutions of 1848, there began to be a great increase in the amount of European emigration to the United States, which continued to grow for several years.² At the same time, the stagnation of business in Europe reacted upon American industry. Prices, which had been rising since 1843, took a sudden drop in 1848. Cuts in wages, closing of foundries, and unemployment followed. Hence we find in 1848 the presence of two disturbing elements in American industrial life, both of which boded ill for the laborers: (1) a sudden decrease in the demand for labor; and (2) an almost equally sudden increase in the supply of those seeking employment. To prevent the degradation which threatened them, the journeymen iron molders tried various schemes which promised relief.

First, coöperation was tried. In the fall of 1847 the employers of Cincinnati cut the wages of the molders.³ A strike followed. When this failed, the strikers formed the Journeymen Moulders' Union Foundry. Stock was issued to the members at \$25 per share and \$2,100 was collected. With this small capital the association purchased a small plot of ground eight miles below Cincinnati, secured a stock of patterns, flasks, tools, and an engine, and had remaining about \$500 with which to make the first payment on their buildings. Their iron, coal, and other raw materials were bought entirely on credit at first. Two philanthropists of the city, Messrs. J. and S. H. Goodwin, advanced the necessary funds with which to

¹ The historical part of this study is adapted from a series of three articles by the present writer which appeared in the *International Molders' Journal*, Nov., Dec., 1911, Jan., 1912.

² Eighth Census of the United States; *Population*, p. xix et seq.

³ Greeley, *Hints Toward Reform*, pp. 196 ff. Greeley visited this foundry in 1849.

erect their buildings and in August, 1848, the journeymen began work as their own employers. The officers of the association consisted of five directors, one foreman, and one business agent (the last to open a store in Cincinnati, buy stock, sell finished ware, etc.), all elected annually by the members. The journeymen withdrew from the proceeds of their labor merely enough to supply their daily needs and allowed the remainder of their wages and profits to accumulate as capital. In this manner their investment more than doubled in a year's time.⁴

On November 23, 1849, the iron-masters of the United States held a convention in Pittsburgh for the purpose of taking measures to get an adjustment of the tariff to their own interests.⁵ Concluding that this task would be, perhaps, too great at that time, and needing a month in which to make repairs in their shops, the employers in Pittsburgh and vicinity attempted to bring pressure to bear on the voters by cutting wages on the ground that lack of protective duties forced them to do so.⁶ Again the result was a strike. Instead of remaining idle, several groups of the strikers started coöperative establishments. One group went to Wheeling and opened a foundry for self-employment.⁷ Another group collected a capital of about \$25,000 and were given a bonus of a like amount by the people of Steubenville, Ohio, to induce them to locate at that place.⁸ A third and larger group, consisting of about one hundred of the strikers, established a foundry at Sharon, Pennsylvania. The amounts contributed by each of its members varied from \$50 to \$6,000, which together with the proceeds of stock sold to outsiders, made a total capital of about \$100,000.⁹

However, not all of those who went out on strike in December, 1849, had sufficient savings to permit them to enter into partnership with their fellow workmen. After the strike had continued for two months, the employers began to import immigrants to fill the places of their former employees.¹⁰ At about the same time the funds of the strikers were exhausted and those who had not become their own employers through association foundries were forced to return to their work. Other attempts at coöperation

⁴ *Pittsburg Post*, Jan. 15, 1850; report of address by Albert Brisbane; Brisbane had visited the Cincinnati foundry a short while before this date.

⁵ *Pittsburg Post*, Nov. 23, 1849.

⁶ *Ibid.*, Dec. 19, 1849.

⁷ *Ibid.*, Dec. 10, 1849.

⁸ *Ibid.*, Apr. 15, 1850.

⁹ *New York Daily Tribune*, June 4, 1850.

¹⁰ *Pittsburg Chronicle*, Feb. 19, 1850.

were tried during the next two years, a few of which succeeded for a time, until finally the membership dwindled to mere partnerships or individual establishments.¹¹

A second experiment which the journeymen tried was the formation of friendly and benevolent societies. For example, the Friendly Society of Iron Moulders of America was formed in New York city on June 25, 1849.¹² Any iron molder in good health who had served a regular apprenticeship and who was between the ages of twenty and forty-five was eligible to membership. The initiation fee was three dollars and the monthly dues were fifty cents. This organization, like others of its type in other cities, was conducted largely as a mutual insurance association, having provision for sick and death benefits, but paying little attention to protective or restrictive trade regulations.

In the spring of 1850 there was a general movement among the workmen throughout all the cities of Eastern United States for higher wages. Organizations like the one mentioned in the preceding paragraph took the lead in drawing the members of a single trade in each locality more closely together and in urging them to make united efforts to have their demands granted. These efforts resulted in the formation of associations whose main object was to secure an increase in wages and better trade conditions. By the middle of the year 1850 there was scarcely a trade in any of the Eastern cities that did not have some such organization. These associations retained their beneficial features but added restrictive measures and provisions for the conduct of strikes. Out-of-work benefits were also added, providing for the maintenance of journeymen who were forced to quit work because of their adherence to the rules of the association. Strikes at this time were conducted solely against employers as individuals instead of against all employers in a single locality. The journeymen's association made out its bill of prices and the committee appointed for that purpose waited upon each employer separately to get his acceptance of the new scale. If the employer accepted the scale, his men were allowed to remain at work; if not, they went out on strike and were supported by those who remained at work at trade rates in other foundries.

The high prices of 1850 began to decline a little in 1851 and

¹¹ It should be noted that even in such cases as the Pittsburg strike, comparatively few of the strikers were in a position actually to take up foundry work as their own employers.

¹² *New York Daily Tribune*, June 27, 1850.

the demands of the journeymen became less insistent; many lost interest in their trade associations and allowed their membership to lapse. In 1852 prices began to increase again and continued to increase until the winter of 1854-1855. This necessitated an increase of wages and the molders again organized for this purpose. For example, the molders of Philadelphia formed the Journeymen Iron Moulders' Association, Section No. 1, of the State of Pennsylvania, the main purpose of which was to effect an increase in wages.¹³ The beneficial features of the organizations of two years before were quite generally abandoned and the journeymen concentrated all their energies on increasing wages and creating better working conditions. Strikes now extended to the entire trade in a single locality. In this manner the fair employers were forced to aid the journeymen in bringing the unfair employers to terms. Instead of dealing with individual employers, the journeymen's associations began to deal with representatives of employers' associations, although the latter were at first but loosely organized. Here we find the beginnings of the trade agreement among the molders.

Of course there was as yet no sort of national organization among the journeymen, although in 1853-1854 the unions in different localities began to get in touch with one another through correspondence. These two years were prosperous ones for the employers, and the laborers had little difficulty in getting their wages increased. In fact, many of the trade restrictions employed today were not then needed. The ease with which the journeymen had their demands granted tended to weaken their desire for organization, and led many of them to believe united effort unnecessary. Thus we find them in the spring of 1855, the time when they most needed a strong organization, unorganized and and without funds with which to conduct strikes. The prosperity which the employers had enjoyed during the years 1853-1854 resulted in overproduction. In the winter of 1854-1855 they had plenty of wares on hand but no orders. A depression followed, which affected the journeymen most, and a season of unemployment with all its attendant sufferings continued until well into the year 1855.¹⁴ The employers then took advantage of the

¹³ *Philadelphia Ledger*, Jan. 17, 1853. The name of this organization would seem to indicate that there was some sort of state association existing at this time. There is no evidence that such was the case, although one may have been contemplated by the local organizations of the state.

¹⁴ To the historian, the crisis of 1857 so far overshadowed the depression of

unorganized state of the trade and began wholesale cuts in wages. In many instances the molders could not resist this reduction. In Philadelphia, however, under the leadership of Joseph A. Barford, "the father of No. 1," a different situation prevailed.¹⁵ Barford started a campaign for a permanent organization of the journeymen—a campaign which resulted in the formation of the Journeymen Stove and Hollow-ware Moulders' Union of Philadelphia, on June 16, 1855. The object of the union is set forth in the following quotation from the preamble to the constitution adopted at that time:

. . . In the present organization of society, labourers single handed are powerless, and may be oppressed with impunity by their wealthy neighbors; but combined there is no power of wrong they may not openly defy.

Believing in the truth of the above propositions, the JOURNEYMEN STOVE AND HOLLOW-WARE MOULDERS of Philadelphia, have determined to unite themselves together for the purpose of securing that just and fair remuneration for their labour, which individual effort, however prudent and firm, has hitherto failed to obtain.

To promote our interest—advance our moral and intellectual condition—and give weight and importance to our acts, as well as form a nucleus around which we can rally for the promotion of an object, we have formed ourselves into an association, having in view the general interest of Moulders in all the different positions in which they may be called to act. . . .¹⁶

The whole constitution left the individual journeymen much freer than does a similar constitution today. There was no inconsiderable number of the journeymen who wished the union to have only a few delegated powers. One clause especially—that relating to the limitation of apprentices—called forth much opposition and was practically annulled for a considerable time because of the numerous evasions. One "joker" in this clause made evasion very easy. The journeymen were permitted to put

the winter of 1854-1855 that the latter is seldom mentioned; yet in considering the history of the labor organizations of the period, the latter had as far-reaching results as the former. I know of no single historical account which treats this forerunner of the crisis of 1857 adequately, though its effect on the laboring classes is very evident to one who runs through the newspapers of the time.

¹⁵ For the facts concerning the early history of this Philadelphia union, I am indebted to several contemporaries of Barford, but more especially to S. L. Barford, nephew of Joseph A. Barford and present secretary of No. 1.

¹⁶ The original constitution, together with other early constitutions which will be quoted from time to time, are in the hands of John P. Frey, editor of the *International Molders' Journal*. I am indebted to him for the use of this and other documentary material in his possession.

their natural or adopted sons at work as helpers or apprentices, without first gaining the permission of the union. By 1857 the journeymen molders had acquired such an affection for homeless lads fifteen years of age or over that the life of the union was endangered because of the large number of potential journeymen in the foundries. The result was that this provision was changed and further apprenticeship regulations were enacted.

The molders in other cities soon followed the example of the Philadelphia journeymen so that by 1858 unions existed also in St. Louis, Mo.; Albany, Troy, Peekskill, Utica, and Port Chester, N. Y.; Providence, R. I.; Jersey City, N. J.; Wilmington, Del.; Baltimore, Md.; Cincinnati, Ohio; Louisville, Ky.; and Stamford, Ct.¹⁷ The depression following the panic of 1857 almost caused the total wreck of the unions existing at that time. Production was greatly decreased and unemployment became the rule. Although the unions were able to survive the shock, they suffered greatly, both from decrease in membership and from the fact that the sharp competition for employment made it possible for the employers to exact odious requirements of the journeymen.

The Berkshire system¹⁸ was then in full force and it was not uncommon to find from one to five "bucks" for each journeyman. Wages were being continually reduced and since all work was done at piece-work rates, every reduction was followed by the journeyman's hiring another "buck." This meant that the molders were cutting their own throats, for in this way they were creating half-trained and unfinished journeymen about four times as fast as the necessities of the trade called for. The employers soon began to give the places of journeymen to these "bucks" and were then free to enforce their own rules. Molders were compelled to buy rammers, shovels, sieves, dustbags, bellows, and in fact everything they used except sand-flasks and patterns.¹⁹

¹⁷ *International Molders' Journal*, July, 1909, p. 430.

¹⁸ According to the statements of molders with whom the writer has talked on this subject, the Berkshire system was briefly as follows: Each journeyman was permitted to use one or more helpers in addition to the apprentice, if any, assigned to him. These helpers or "bucks" were supposed to do only the unskilled work and not to learn the trade. However, it was inevitable that they should learn something of iron molding, and in time the employers came to recognize the feasibility of supplanting a skilled, high-priced journeyman by a low-priced partly skilled workman who, if given the opportunity, would soon learn enough of the trade to be given a rammer of his own.

¹⁹ For the facts of the condition of the trade during this period I am indebted to various contemporary members of the unions of 1857, and especially to the printed communications of the officers of the organizations of that

Many were even required to pay a weekly rent for their floor room. In addition, the system of yearly contracts was introduced. At the beginning of the season the journeymen were compelled to sign a contract to remain with the employer for one year. To compel the enforcement of this contract one third of their wages was retained until the end of the year. If the foundry was in operation only nine months, the molders must lie idle for the other three; they dared not go away, for in that case they would lose the wages due them; and even if they did dare they had no money with which to pay transportation elsewhere. Store pay was quite generally given and in some cases cash pay was the rare exception.

II

The conditions described above were fast reducing the molders to a position no better than that of unskilled workers. The unions tried to correct these evils but the pressure of hard times prevented the success of their efforts, and even they themselves were continually threatened with disruption. Then too, the ease with which employers could import strike breakers from neighboring cities, even though such cities had iron molders' unions, became apparent to the journeymen. The leaders saw that they must in some manner secure the effective support of neighboring unions. As stated above, there had been, previous to this, a sort of loose and unsystematic correspondence between members of different unions—not official and having no direct results. Beginning in 1857, however, there appeared a volume of correspondence among the officers of the various unions, looking to a serious attempt to perfect some sort of organization by which one union could get the effective support of neighboring organizations during a strike. Here these men were confronted with the difficulty of determining what sort of national or central organization they should work to establish. Looking back over this period, Wm. H. Sylvis said seven years later:

When the first convention of iron moulders met in Philadelphia, July 5, 1859, for the purpose of consultation and general organization, no definite idea was formed, or could be formed, of the results which such a "union of hearts and union of hands" could bring about. Nor was it possible to divine what the great objects of such an organization should be. A grating wrong existed, which it was necessary to

period. Of the latter, a series of letters which appeared in the *Iron Moulders' International Journal* for May, 1873 to June, 1874, are most important.

remove, and all felt the necessity of action, as a great want was present to the mind of every member of that body. All that could be done at that time, however, was to interchange views, and make the most of such crude ideas as could be gathered from a free expression of opinion, based upon the experience of those who *felt* the evils we sought to redress.²⁰

Before discussing this first convention, it may aid us in understanding the situation to mention another movement which started at the same time and which may have had some influence in causing the journeymen to draw closer together for common protection. In the latter part of 1858 and the beginning of 1859, the molders were everywhere demanding the return of the wages which they had received previous to the hard times of 1857. Refusal of the employers to grant these demands caused many strikes. The chief of these was the Albany strike which will be discussed later. The employers of Albany combined to resist the demands of their journeymen. Recognizing the benefits of a closer relationship among the members of their class, they sent out letters to employers in other cities, asking for a conference to discuss the formation of a "Founders' League."²¹ The chief purpose of this league was to break up strikes by importing workers from Europe. Some of the employers favored such a movement, but the Philadelphia founders opposed it. They believed that they could strangle any of the journeymen's organizations without calling upon their fellow employers for aid. Since the Philadelphia founders were very influential at this time the movement for the "Founders' League" was abandoned. The fact that such a league was even contemplated, however, may have tended to hasten organization among the journeymen.

In spite of many discouragements, the leaders of the journeymen continued their correspondence. The replies to letters sent out in December, 1858, by President Isaac A. Sheppard and Secretary William H. Sylvis of the Philadelphia union, were so favorable that a call was finally issued for a conference to be held at Philadelphia on July 5, 1859.²² At this convention thirty-five

²⁰ *The International Journal* (a monthly publication devoted to the discussion of the labor question, edited by Wm. H. Sylvis), July, 1866, pp. 111, 112.

²¹ J. C. Sylvis, *Life of Wm. H. Sylvis*, p. 29. There seems to have been an employers' association in Philadelphia as early as 1845, called the Stove Manufacturers' Association of North America. *International Moulders' Journal*, July, 1909, p. 498. Its relation to laborers can only be conjectured.

²² In general, replies were favorable: though, as we shall see from later de-

delegates, representing twelve unions, were present. Two other unions sent letters pledging their support to whatever measures might be adopted. As shown above in the quotation from Sylvis, these men did not know what would be the result of the conference; their chief aim was to get together and exchange views. After three days' deliberation they framed a constitution for a "National Union of Iron Moulders." In the preamble of this constitution we read:

. . . IN UNION THERE IS STRENGTH and in the formation of a National organization, embracing every Moulder in the country, a Union founded upon a basis broad as the land in which we live, lies our only hope. Single-handed we can accomplish nothing; but united there is no power of wrong we may not openly defy. . . . We are no theorists; this is no visionary plan, but one eminently practical. Nor can injustice be done to anyone, no undue advantage can be taken of our employers. *Our business is one entirely domestic; our employers have no foreign competition to contend with; they are not brought in contact with the cheap labor of other countries. . . .* If the profits of their business is not sufficient to remunerate them for the trouble of doing business, *let the consumer make up the balance.*

. . . To rescue our trade from the conditions into which it has fallen, and raise ourselves to that condition in society, to which we as mechanics are justly entitled, and to place ourselves on a foundation sufficiently strong to secure us from further encroachment, and to elevate the moral, social and intellectual condition of every Moulder in the country, is the object of the National organization; and to the consummation of so desirable an object, we, the delegates in Convention assembled, do pledge ourselves to unceasing efforts and untold sacrifices.²³

Yet in spite of this bold declaration, the constitution which follows it leaves the national union almost powerless. The delegates seemed to have some sort of hazy idea of a big local union, including in its membership all the journeymen in the United States, rather than the sort of national union we are familiar with today. The by-laws made the officers a sort of advisory committee. For example, in dealing with the subject of support in time of strike, we read in article 5, section 1, of the by-laws: "Should it become necessary for the Moulders at large to assist the Moulders of any locality to vindicate their rights, the Nation-

velopments, just as many journeymen had been opposed to giving positive powers to the local unions, so now many of them were opposed to any sort of central organization. They feared that the weaker unions would not only be unable to aid the stronger unions but that they would become parasites, living upon the gains of the latter.

²³ Constitution of 1859.

al Executive Committee shall advise the various Local Unions of the fact, and *recommend* (italics mine) to Local Unions what assistance to render." The lack of definite provision for strike benefits seems to have been a serious omission. Yet in the actual working of this provision, it was quite effective.

An example will make this clear. Even while the first convention was in session, nearly all of the journeymen in Albany, N. Y., were involved in a strike to prevent a reduction in their wages, to prevent one third of their wages being retained by their employers until the end of the year, and to protest against the store-order system of payment. The convention adopted a resolution stating, "That we will go to work with a firm and unyielding determination to raise funds for our co-workers during this their strike, and that we will never cease our efforts until our Albany brethren obtain their just rights."²⁴ In spite of the extent of the strike, the disorganized condition of the trade, the power of the employers, and the difficulty of holding men in a new organization during a strike, the national union made it possible for the Albany journeymen to hold out until their demands were granted. Of course, we believe now that strikes are to be avoided if possible. Yet this Albany strike was perhaps the best thing that could have happened to the national union. It at once gave all iron molders throughout the country something to work for as one united group, and its success did much to raise the national organization in the estimation of the journeymen. An even more important result was that the difficulties which the executive committee experienced in conducting this strike served to point out some of the weaknesses of the new organization.

The delegates to the first convention did not consider that they had accomplished any definite results. They had simply met, discussed topics of common interest, set the date for a second convention, framed a constitution for a temporary organization, and made provision for a sort of advisory body to test the experiment in the meantime. Although we date the birth of this national union as July 5, 1859, it was not considered by its founders as being definitely accepted until the meeting of the Albany convention six months later. On the second day of this latter convention the following resolution was adopted: "Resolved: That this convention does now resolve itself into a National Union, adopt the constitution as adopted by the Phila-

²⁴ *Iron Moulders' International Journal*, January, 1874, p. 226.

delphia convention, and that a committee of five be appointed by the chair to report such amendments to and revisions of the constitution as they may deem proper."²⁵ The committee reported several amendments only a few of which were adopted. The chief of these was the provision for traveling cards and the changing of the revenue system from a flat rate of ten dollars per union to an annual tax of five cents per member. The locals still looked upon the central union as a mere advisory body and the chief business of this second convention consisted of recommendations to the local unions concerning the abolition of piece work, legal indenture of apprentices, and denunciation of the "buck" system.

At this convention Sylvis presented his views on coöperation, which he pressed with more vigor later. In an address to the convention he predicted:

That the day is not far distant when the molders will control the foundry business of the country, and become directly interested in the profits;

That the National Union will be in possession of a revenue derived from its investments, sufficient to defray all expenses, and have a surplus without taxing its members;²⁶

That it will possess its own publishing house, from which will emanate its own publications, and send forth a comprehensive literature second to none in the land, in which the interests of labor, so long eschewed, will be fairly represented; . . .²⁷

Later, in describing the reception of these ideas Sylvis said: "Those expressing these ideas at the Albany convention were looked upon as dreamy enthusiasts, giving utterance to the vagaries of an unbalanced brain; while others viewed them as dangerous men, and pitied an overwrought zeal so pregnant with disastrous consequence."²⁸

The short time which intervened between these first two conventions, and the lack of confidence which the journeymen in many parts of the United States had in a central organization, did not produce many new locals, although there were six more represented at Albany than at Philadelphia. The year 1860,

²⁵ *Life of Wm. H. Sylvis*, p. 34.

²⁶ Philadelphia Union No. 1, of which Sylvis was a member, had already begun to look forward to the time when local dues would no longer be required. It had invested its surplus in Pennsylvania Railroad stock and was at this time receiving a revenue from its investment. (Data received from various entries in the ledger of Union No. 1, 1855 to 1862.)

²⁷ *International Journal*, July, 1866, p. 112.

²⁸ *Ibid.*

however, witnessed the formation of twenty-six new locals, including three in Canada. This year also witnessed several important strikes. In fact, the experience of the year 1860 proved that the fears of some of the journeymen, expressed in their objections to the formation of a strong national union, were not without foundation. In soliciting the support of the local unions, the promoters of the central organization had promised to carry to a successful issue strikes which could not possibly be won by the efforts of a single union. The success of the national committee in conducting the Albany strike of 1859 furnished abundant evidence to convince even the most skeptical of the fulfillment of this promise. Unfortunately, the lack of confidence which had been exhibited previous to this time now changed to over-confidence in the ability of the new organization to protect the rights of the journeymen. Elated at the success of their Albany brothers, the molders in other parts of the country felt that at last they had an effective weapon against the exactions of unjust employers. Depending upon this new force to be equally successful in righting their own wrongs, several of the locals declared strikes against practices, which, if the power of the national union had not been overrated, would have been tolerated a little longer at least.²⁹

Weakened by calls for support from various strikes, the national union was practically bankrupt at this time. The total receipts for the year 1860 were \$6125.06, of which all but \$134.32 was expended in strike benefits; and even then several strikes did not receive the financial support of the national union because of lack of funds.³⁰ Of the \$134.32, all but \$23.18 was expended for cards and constitutions. The latter sum was used to defray the expenses of publishing reports. The Albany convention had ordered the publication of quarterly statements concerning the state of the trade in each of the unions, but the first one did not appear until June, 1860, when it came out in four small pages and contained reports from only six locals. A second report, about the same size, appeared in September. The need of a monthly journal was not then recognized, although a labor paper called "The Mechanics Own," published in Philadelphia at this time, was generally considered the official organ of the molders.³¹

By the time of the third convention at Cincinnati, January 8,

²⁹ *Iron Moulders' International Journal*, March, 1874, pp. 289-90.

³⁰ *Proceedings of the National Convention of 1861*.

³¹ *Life of Sylvie*, p. 37.

1861, there had been organized forty-four unions, of which thirty-one were represented at this convention by fifty-two delegates.³²

The unions were given numbers at this meeting, having been known previously only by name. Again the constitution was amended, adding a little more power to the central body. The experience of the preceding year led the convention to adopt the following resolution in regard to strikes: "Resolved: That this body recommend to Local Unions to discountenance all strikes in their respective localities, until every other remedy has been tried and failed."³³

Soon after the delegates to the Cincinnati convention returned to their homes, the Civil War began. The history of what followed, with its business depression and its closing of workshops and foundries, is familiar to all. Thousands of molders joined the armies. Especially, their leaders and men of action were the first to take up arms. The business panic caused reductions in wages and unemployment. Those who remained at home were uncertain as to when they too might be needed at the front. Unions that had weathered the storms in their own ranks during the few years before 1861 now went to pieces. Others adjourned for six months, or a year, or to meet at the call of the president. In any event, this generally meant no meetings whatever during the latter part of 1861 and almost the entire year 1862.

The national union held together until about the middle of the year 1861 when apparently it too ceased to exist. Up to July 1, of that year, the total receipts of the national union amounted to \$1,605.14 of which the Pittsburg strikers received \$1,115.³⁴ This proved to be a useless expenditure, however, as the stoppage of work and the suspension of other unions prevented the strikers from carrying their strike to a successful issue. After July 1, no money whatever was turned over to the treasurer. January, 1862, passed without even a call for a convention. The entire union movement among the molders was apparently dead.

III

In 1863, under the impulse of the growing demand by the government for both men and manufactures, business revived. The cost of living rose rapidly while wages remained at a standstill. Every journeyman molder still in the trade again felt the need of

³² *Proceedings* for 1861.

³³ *Ibid.*

³⁴ *Iron Moulders' International Journal*, May, 1874, pp. 353-54.

united action. A few of the locals had been able during the depression of 1861 to prevent any reduction in their wages; but on account of the disorganized condition of the trade in other cities, even these few were unable to enforce their demands for wages commensurate with the rising cost of living. Again the members of old No. 1 assumed leadership and appointed a committee to communicate with other locals still in existence, urging the need of holding another convention.³⁵ The replies were on the whole favorable and a call was issued for a convention to meet in Pittsburgh on January 6, 1863. Only twenty-one delegates, representing fourteen unions, were present. Although these delegates looked upon this meeting as simply a postponement of the one which should have been held in 1862, it was really the beginning of a new era in the history of iron molders' organizations of the United States.

The unions had now reached the second crisis of their career. Just as the hard times of 1857 and the following year had exhibited the weaknesses of the independent locals and had resulted in the formation of a loose federation of these independent local unions, so now the panic of 1861 brought to light the weakness of this federation. That these weak points would have been detected gradually, even though the Civil War had never occurred, cannot be doubted; but the events which actually did occur served to reveal many of them in a flash.

The close of the Pittsburgh convention, which had been called to consider the continuance of a nominally existing organization and to adopt necessary amendments to its constitution, really marks the birth of a new organization. Most of the local unions which had called the former national union into being had ceased to exist. The problem which now faced the leaders was twofold: (1) the rebuilding of this national union into an engine of defense sufficiently strong to cope with situations like the one which had recently caused its destruction; and (2) the reorganization of the local unions. The time of the convention was taken up in perfecting a constitution which would effect these ends. The name of the organization was changed to "Iron Moulders' International Union," in order to include within its jurisdiction the Canadian unions. (In fact, however, a few of the Canadian unions were represented at the Cincinnati convention of 1861.)³⁶

The new constitution resembled the old in but few particulars.

³⁵ *Iron Moulders' International Journal*, April, 1874, p. 322.

³⁶ *Proceedings for 1861.*

The officers of the central union were now given definite and positive powers. Up to the time of the Pittsburgh convention, the local unions did not consider that they derived their powers from the national union, but rather that the reverse was true. Hence there had been no charters granted previous to 1863. Now, however, this was changed and the central union began to grant charters to the subordinate unions, defining and limiting their powers.³⁷ The president of the international union was given power to "visit subordinate unions, and inspect their proceedings, either personally or by deputy, and require a compliance with the laws, rules and usages of this Union."³⁸ And since the president alone had the power to grant charters, he had an effective means of controlling the policies of the subordinate unions. Under the new constitution, the revenue of the international union consisted of: (1) a charter fee of three dollars; (2) a fee of ten cents for union cards; and (3) annual dues of five cents per member, payable by the subordinate unions on the basis of the number of members constituting their quota of representatives in the central organization. In case such revenue was not sufficient to pay the current expenses of the organization, a pro rata assessment, levied on the average wages received by the members of each subordinate union, was provided for.³⁹ A similar provision was made for the accumulation of relief funds, except that for this purpose the assessments could not exceed two per cent of the wages.

With these and other changes which clearly mark the new constitution as a document intended to give the central union a much greater degree of control over the affairs of the subordinate unions than it could have exercised previously, the international union began the year 1863 with anything but bright prospects. The delegates to the Pittsburgh convention had succeeded in framing a constitution which promised to foster a strong central organization; but a strong central union could never be built upon a foundation of a few weak local unions. Of the forty-four unions recognized in the convention of 1861, only fourteen, less than one-third, were represented at the session of 1863;⁴⁰ and even these were little more than shadows of their former strength. The next problem, then, was to strengthen these local unions.

³⁷ The writer has in his possession a facsimile of one of these first charters, the wording of which shows clearly this change of the basis of authority.

³⁸ Constitution of 1863, article 4, section 1.

³⁹ *Ibid.*, article 6.

⁴⁰ *Proceedings for 1863.*

This proved no easy task. Most of the leaders who had built up the locals of 1860 had not returned from the Civil War. The only means of reorganizing these locals was through the central union. Yet here there were no funds available to defray the expenses of such an undertaking. The new constitution had provided that all expenses and loss of time incurred by the president in the discharge of his duties should be defrayed by the international union. It meant one thing to incorporate this provision in the constitution, and another to find the means of carrying it into effect. William H. Sylvis was the newly elected president. As a last resort, the convention at Pittsburgh authorized him to visit, for the purpose of organizing subordinate unions, every locality where there had been a union or where there were enough journeymen to form one. The best the delegates could do to encourage their president in this work was to authorize him to collect the money with which to pay his expenses. Even Sylvis himself did not comprehend the immensity of the task assigned him. In his report given the following year he said: "I had no clear conception of the extent of the task before me, or the means by which it was to be accomplished."⁴¹

As soon as the convention adjourned, Sylvis returned to Philadelphia and laid the whole matter before Union No. 1. This local promptly responded with a donation of \$100 with which to start the work of reorganization. On February 3, 1863, the new president began his task. Within the year he strengthened the fourteen unions represented at Pittsburgh; placed upon a solid basis twelve more of the unions which had existed at the beginning of the year 1861 and which still existed in name at the beginning of the year 1863; reorganized sixteen locals which had entirely disappeared in 1861; and started eighteen new unions. Thus the year 1863, which began with only fourteen subordinate unions, ended with sixty.⁴² All of these Sylvis had visited once during the year, some twice, and a few three times.

During the year several important strikes took place, the most important of which was the Philadelphia strike. The total loss of this strike shook the confidence of other subordinate unions in the effectiveness of the international executive. Although the strike lasted throughout the year and although more than twelve thousand dollars was expended in behalf of the strikers, the employers gained at every point. Yet this loss proved a gain to the later effectiveness of the central union. Sylvis had tried to direct

⁴¹ *Proceedings for 1864.*

⁴² *Ibid.*

the affairs of the central union while attending to his already tremendous task of reorganizing local unions. The set of circumstances which occasioned the lack of confidence on the part of the subordinate unions pointed out the need of a permanent executive office with a salaried officer at its head. Consequently, at the Buffalo convention of January 8, 1864, Sylvis was re-elected president at a salary of \$600 per year.⁴³

Beginning in 1864, the iron molders' unions of the United States experienced a series of successes which insured their continuance as a real force in the annals of American labor. To be sure, they had not eliminated all of their weaknesses, but they had at least blazed the trail for the future. They had, for the most part, passed through the experimental stages which seem to be necessary steps toward the present effective organization. Minor changes in machinery of organization have been made from time to time, yet the main principles of the union are essentially what they were at the adoption of the constitution which marks the third stage of development.

As stated at the outset, the purpose of the writer in giving a somewhat detailed account of the history of a few years of the life of a single trade union, is to illustrate by a typical study the evolutionary process which modern American trade unions—at any rate those which date their birth a half century back—have experienced. It is evident to the reader that the lines of demarcation between each two stages in the development of the iron molders' organizations are quite sharply drawn, and that perhaps no other union experienced such abrupt transition periods. Yet in each of the other trades which were organized in the fifties or sixties we may trace clearly these three stages of development: independent local unionism, federation of local unions into a loose national organization having little or no positive power, and centralization of power in a primary national union having subordinate local unions whose power is largely derivative. In a few unions, indeed, we find a fourth stage, intermediate between the first and second—the state union.

H. E. HOAGLAND.

⁴³ *Proceedings for 1864.*

THE RATES AND PRACTICES OF EXPRESS COMPANIES

The Hepburn act of 1906 placed the express companies under the provision of the interstate commerce law. With this the long continued efforts to bring the much censured express business under public regulation reached their final stage. And with this was provided for the first time an adequate means for a reasonably full illumination of one object of dissatisfaction in the American transportation system that has been darkened by an ultra-conservative attitude of express companies toward the public interest, by the resentment of shippers that is born of grievances unallayed, and by popular prejudice that springs from incomplete knowledge of essential facts.

Under the authority thus given to it, the Interstate Commerce Commission at once undertook the preparation of a uniform system of accounts for express companies on which their annual reports to the commission should be based. The earliest product of this activity was the *First Annual Report of the Interstate Commerce Commission on the Statistics of Express Companies*, for the year ended June 30, 1909. This report included, in addition to the reports of revenues and expenses, the results of an analysis of the traffic handled by express companies during the months of April, August, and December, 1909, considered as being jointly representative of the business of a whole year.

The knowledge of the express business thus given to the public was general in character, mainly informative in purpose, and without that check upon the exact accuracy of deductions drawn from it that criticisms by express men might give. However, in the meantime the commission was proceeding toward an exhaustive investigation to secure detailed information specifically bearing on alleged malpractices and alleged unreasonableness of rates and charges, and in which all parties in interest would have a full opportunity to present such facts and such interpretation thereof as they might consider significant for a fair understanding of the matters in dispute. In 1909, the California Commercial Association instituted an action against Wells Fargo and Company. This was followed by other actions against other companies in rapidly increasing numbers. In all, there have been thousands of complaints laid before the commission in forms varying from criticisms of the acts of local agents to formal presentments de-

manding revision of specific rates and practices. The commission found these complaints so numerous and so general that it merged its inquiries in the matter of each case before it into an investigation of the whole express business on a nation-wide scale. In June, 1911, each of the express companies was ordered to file with the commission answers to a number of detailed questions concerning its financial history, its present financial connections, and its present operations and practices. In addition, each company was summoned to appear at a hearing where the complainants might present their grievances and the companies make their answers. Further, the commission itself entered upon an exhaustive analysis of the annual reports from the companies and of the business done on one day each by the Adams Express Company and the United States Express Company.¹ The results of these analyses were presented for the consideration of the commission in nearly two hundred exhibits. In addition to this study of the business in the United States, the commission took careful note of the express service in the more important European countries, also, and assembled a great deal of information on the nature and method of the service and on the charges prevailing there.

Meanwhile, some hundred or more boards of trade and other commercial bodies throughout the country had formed the Express Rates Conference, an organization for the more effective and concerted presentation of their cases before the commission. This body prepared an enormous amount of testimony and statistical evidence in support of the complaints. All of this was introduced at the hearings appointed by the commission. The express companies, for their part, presented a large amount of statistical evidence and introduced a number of witnesses of long experience in administrative and operative positions in the business, including three men, natives of England, France, and Germany, respectively, who were actively engaged in handling express business in their own countries.

The hearings were begun in New York on November 22, 1911. After three days they were continued in Washington for about a week, and later for short periods in January, February, and

¹ Wednesday, August 18, 1909, was taken for the Adams Company. This was selected as representing the season when heavier shipments of perishable products are at their height. December 22, 1909, was taken for the United States Company. This was selected as representing the season when light pieces of general merchandise are at their greatest volume.

March, 1912. In all about fifteen days were given to taking testimony. The record in the case, with all the exhibits, reports, and other data collected in connection with the matter, would fill a room.

An inquiry of this comprehensive scope and thoroughness, participated in by all the varied parties in interest, yielded an enormous amount of information in respect to "the financial affairs of these companies; the character of their organizations; the relationships which they enjoy with the railroads; the extent and nature of the property which they own; the character of their service; the basis of their rate systems; the cost of their operations; the manner in which their rates are stated; the relation of the service which they give to that extended by the railroads in the carriage of freight by freight trains; the relationship between the rates established in different sections of the country for the same service by express; the similarities and dissimilarities obtaining as between the express service in the United States and similar service in foreign countries, together with a comparison of the rates in foreign countries with those extended in this country; and other questions analogous or related to these."²

The complaints against the express companies, brought out during this investigation, were summarized by the commission in the following classes:

(1) Double collection of lawful charges.

(2) Overcharges and undercharges effecting discrimination between shippers arising out of an obscure rate system and ineffective revision and supervision of accounts.

(3) Indirect routing of shipments by the express carrier, resulting in unreasonable delays and defeating the reason for the existence of an express service as distinguished from an ordinary freight service.

(4) Failure or refusal to deliver parcels to consignees located outside of arbitrarily established free delivery limits without notice being given, either to the consignor or consignee, as to the extent of free delivery territory.

(5) Unreasonableness of the terms of shipment imposed by the receipt given by the carrier.

(6) Delays in the settlement of claims for loss and damage.

(7) Excessive insurance charges when shipments are valued at more than \$50.

(8) A confusing set of rules governing the classification of express matter, which led to discrimination in rates between classes of shippers by providing obscure and insignificant conditions as to the basis for

² *Interstate Commerce Commission Reports*, 24, pp. 383-384.

classifications, of which the initiated may take advantage to procure transportation at lower rates than are generally applied to the more uninformed portion of the public.

(9) Delays in the return of C. O. D. collections to consignors.

(10) The obscure statement of rates making the public dependent almost entirely upon the information furnished them by the carriers.

(11) The unreasonableness of the rates charged by the carriers.³

As to the extent of the matters in complaint, the Interstate Commerce Commission said:

We have found the evils so fundamental that it has been deemed necessary not only to criticize and correct existing rules and rates, but to build from the very bottom by outlining a national system of stating rates, a rational classification of express rates, and to enter into the minutiae of the billing, routing, and other details.⁴

On June 8, 1912, the commission entered its opinion and order in the case. Its order was accepted by the companies with respect to nearly all the points in complaint, except those of rates and charges and those features of the classification of traffic that affect rates and charges. On these latter points, the commission devised a new basis for constructing rates and prepared a partial schedule which it embodied in a tentative order. It gave the companies until October 9, 1912, to examine these proposed rates and charges and show cause why the schedule should not be made permanent. The commission expected that the companies would complete the full schedule on the basis devised by it. But, on the day appointed, the companies said it had been impossible for them to do this and to check the effect of the proposed rates on their revenues. The commission then undertook to complete the schedule, which it finished in December. On December 10, 1912, an order was issued to the companies directing them to furnish a detailed statement of their revenues under present rates for some one or more days' business, and a statement of the revenues that would accrue on the same business under the charges proposed by the commission. The main response of the companies to this order was filed by February 10, 1913. An argument was had on April 1, in which the principal companies supplemented their main response with additional matter on a number of points. Counsel for the Express Rates Conference requested time to prepare a brief in answer to a number of the specific points in the companies' argument. The com-

³ *Interstate Commerce Commission Reports*, 24, p. 388.

⁴ *Ibid.*, p. 389.

mission granted until April 21 for this purpose. At the present writing the matter is pending the filing of this brief.

It would not be advisable to discuss the tentative rates of the commission until the objections urged by the companies and the reply by the shippers can both be considered with due care. But it will be quite possible to describe at this time the settlement that has been reached on those complaints that concern only the practices of the companies; to discuss the criticisms that have been urged against the present rates of the companies; and to state the general plan of the commission for dealing with express charges. A later article, after the case is closed, can with greater fairness, and more pointedness, discuss the particular issues concerning rates as they have shaped themselves around the specific rate structure proposed by the commission.

Objects of Complaint concerning Practices

The matters affecting rates and charges are far the most consequential and the most disputed of all those complained of. All the others either have been adjusted by the orders of the commission and the acceptance of the companies, or are well in the way of mutual adjustment.⁵ It will not be necessary, therefore, to give these latter complaints more than a rapid review to note their nature and the disposition made of them by the commission.

1. *Double collection of lawful charges.* The collection at destination of a second charge on shipments already prepaid was the natural result of the method of handling prepaid shipments. The practice of the companies was such as to result in a collection of the charges from the consignee whenever it did not clearly appear that they were prepaid, notwithstanding that any uncertainty as

⁵ These criticisms of the express service now in question were practically acknowledged by the companies themselves, who conceded the desirability of reform in all matters except rates. They have contended only that the operating necessities of the business have made it impossible for them on their own individual initiative, without concerted action by all together, to change their methods of conducting the business. There are many critics who have not been convinced by this explanation, and who still believe that the record shows that lack of interest and inertia of habit are the real explanations. Nevertheless, the companies must be credited, during the later stages of the investigation at any rate, with having shown a spirit of unreserved cooperation in endeavoring to work out with representatives of the commission and of the shippers practicable reforms that would be satisfactory to the complainants. On some of the points of complaint, the orders of the commission were but formal promulgations of adjustments reached by committees representing these three interests.

to the prepayment was due to some mistake by an employee in the course of the shipment's transit from the consignor to the consignee. The commission's remedy for this complaint is to require that every package shall be labelled, either prepaid or collect, using different colored labels for each case. If, then, a package arrives unlabelled, or without other evidence as to payment of the charges, no assumption can be made as to whether they were paid or not. The doubt must be resolved in favor of the consignee by delivering the package without charge. The company must then undertake to determine whether the charges were paid or not; and, if not, it, instead of the shipper or consignee, must prove the fact and recover the charge.

2. *Overcharges and undercharges.* The overcharging of some shipments and the undercharging of others appear to have been the joint product of obscurity in the method of stating rates and charges, especially in the case of through shipments handled by two or more companies, and of the pressure and speed under which most of the billing has to be done. It was difficult for agents to ascertain, with accuracy, just what rates applied to all points; and especially just what combination of local rates should enter into the through rate when more than one company was to be used. The remedy devised by the commission for these sources of complaint is in part a unified and simplified scheme for stating rates, which will be described presently, and in part a ruling designed to secure a prompt revision of charges on prepaid shipments before the package leaves the point of origin and on collect shipments before the collection is actually made.

3. *Circuitous routing of shipments.* In order to make its proportion of through charges as large as possible, the receiving company often sent shipments over circuitous routes that would give it the largest proportionate haul, when more direct and expeditious routes were open to it. In many cases the grievance on account of the prolonged time for transit has been aggravated by the imposition of greater charges than would have resulted over the shorter route. The commission's remedy for this cause of complaint is a ruling that the express companies shall establish and jointly publish through routes as direct and expeditious as possible, with fixed rates, between all the principal points of the country.

4. *Free delivery limits.* The express companies do not deliver packages in the smaller towns, or in the large towns and the cities

beyond certain limits, except for an additional fee. It was complained that the free delivery service was unreasonably restricted and that its limits were not regularly ascertainable by consignors previous to shipment. To meet this complaint the commission directed the companies to publish a joint general directory of all express offices in the United States in which would be shown whether free delivery is made at all, and, if so, within what limits.

5. *Unreasonable qualifications in the receipt.* The companies are required by law to give a receipt for every package received by them for transportation. It was complained by many shippers that these receipts are "so craftily worded as improperly to limit the rights of the shippers thereunder and to discourage the presentation of claims by shippers whose shipments have been lost or damaged"; and that the liability for loss or damage was unreasonably limited to \$50 per shipment, unless an additional fee was paid for the additional liability. The commission thought it best, for the time being, to let the \$50 limitation remain in the receipt, but has been coöperating with a committee representing the shippers and the companies in framing a new receipt designed to obviate the criticisms without exposing the companies to unreasonable liabilities.

6. *Delays in the settlement of claims for loss and damage.* A very frequent subject of complaint has been that the settlement of claims for loss and damage is unnecessarily delayed and impeded so as to discourage shippers from presenting claims. To meet these complaints, the commission ordered that "in the event of the non-delivery or loss or destruction of a shipment, a notice shall immediately be mailed by the agent of carrier at destination to both the consignor and consignee, if known; and in the event of a claim being made in writing the company shall immediately acknowledge its receipt and shall, within six months of the date of filing such claim, notify the claimant in writing of the disposition made thereof."

7. *Excessive insurance charges on shipments valued in excess of \$50.* If the value declared by the shipper was more than \$50, an insurance fee for the additional liability was charged varying from ten cents per \$100 of additional liability to twenty cents per \$100, according to the distance the shipment was carried. It was complained by shippers that these charges for the insurance of express shipments were unreasonably high in comparison with charges made by independent agencies. On the basis of the

practice in European countries, as well as that of private insurers in the United States, the commission ordered that the charges for liability in excess of \$50 be uniform at the rate of ten cents per \$100 regardless of the distance carried.

8. *Classification of express matter.* This is considered in the section with rates and charges.

9. *Delay in the return of C. O. D. collections to consignors.* In order to remove this sort of complaint as far as possible, the commission provided that collections of C. O. D. shipments be returned by the receiving agent who delivers the shipment within 24 hours after delivery, and that, if the return is not made directly to the consignor but to the agent at point of origin, the latter agent shall settle with the shipper within 24 hours after receipt of the return from the agent at destination. Further, if the return is delayed by the delinquency of either agent, settlement shall be made with the shipper promptly on his presentation of proof of delivery and failure to make return, instead of withholding the payment until the company can locate the responsibility for the delay.

10. *Method of stating rates.* The basis of all express charges, except for a very small proportion of traffic under certain special classes, is the rate per 100 pounds. Between every two points is fixed a rate per 100 pounds, which varies, of course, mainly with the distance between the points. There are some 35,000 express offices in the United States. A statement of the rates from each one of these offices to each other office would require over 600,000,000 rates. But each agent needs to be able to quote at most only the rates from his own office to each of the others. If there were exactly 35,000 offices, he would need to have only 34,999 rates at his command. In practice, he actually deals with a very much smaller number. In all the larger cities, from which far the greater part of the traffic originates, the charges are assessed by bill clerks who are specialized for particular territories. They soon commit to memory the rates and charges which are usually required. Only in the case of shipments to less usual points and in the case of shipments from smaller towns is it necessary to consult a rate schedule. But the rate sheets of the companies do not permit the charges in even this minor number of cases to be ascertained with promptness and accuracy. This is due mainly to the fact that the companies neglect to prepare ready-to-quote through rates in all cases over

the lines of other companies. In ascertaining a through rate the agents are liable to make different combinations of the constituent local rates or charges and thus impose an overcharge or an undercharge. This uncertain and incomplete method of stating rates has thus been a frequent cause of complaint by shippers.

This, however, does not quite exhaust the matter of stating charges. At the present time, in the case of the most important class of traffic, known as general merchandise, the specific charges on packages weighing less than 100 pounds are higher than would be imposed if they were computed in strict accordance with 100-pound rates. The rate per 100 pounds is regarded as a base on which is constructed a scale of charges that decrease with the weight, but in such a way as to make the charge per pound increase as the weight of the package decreases. Stated in the converse manner, if the charge for the lightest package be taken as the starting point, the graduated charges increase with an increase in the weight, but less than in proportion to the increase in weight. This relation continues until the charge becomes the same as if it were computed strictly on the basis of the 100-pound rate. In all cases where the base rate is less than \$2 per hundred, this does not occur until the weight of 100 pounds is reached. But when the base rate is \$2 or over, it occurs when the weight of 50 pounds is reached.

There are in reality a number of different graduated scales which would apply to the different base rates per 100 pounds. But, for the sake of simplicity, each scale of graduated charges is applied to all the base rates within certain limits. Thus, the same scale applies to all base rates of 40 cents per 100 or less; the next higher scale to all base rates over 40 cents but not over 50 cents; the next scale to all rates over 50 cents but not over 60 cents; and so forth. In all there are 54 of these scales, comprising what is known as the "graduate table." The importance of the charges prescribed by the graduate table is seen in the probability that over half of the whole number of pieces carried by express companies are assessed charges in accordance with the graduate table.

It will now be seen that, when an agent is required to fix the charge upon a package of merchandise offered for shipment, he must first ascertain the rate per 100 pounds for that class of traffic to the point of destination; and that he must then consult the graduate table to ascertain the charge under that base

rate for a package of the given weight. The application of the graduate table, once the base rate per 100 pounds is fixed upon, is ordinarily not attended with inaccuracy. But the graduate charge quoted by an agent is no more reliable than the base rate on which it rests. The uncertainty inherent in the present method of stating rates is the cause of frequent irregularities that are equivalent to discrimination.

To remove this source of complaint, the commission has adopted a scheme for stating rates, not from point to point, but from one territorial group of points to another territorial group. The rate is to be the same from all points in any one territorial group to all points in any other selected group. This greatly reduces the number of entries necessary in a rate book to prescribe the rates. To establish these territorial groups the country will be divided into sections called "blocks," each comprising the area within one degree of longitude and one degree of latitude. For the purpose of stating the rates, these blocks are numbered in series beginning at the extreme northwest boundary of the state of Washington with the number 101. The blocks in this tier are numbered consecutively so far as they lie within the United States:

The second tier of blocks begins with number 201, located directly under No. 101. Each block and each tier is numbered consecutively and falls directly under the same numbered block in the first tier. Thus the tier in which each block is located is indicated by the number of hundreds with which it is initialed, and the row in which it is located is indicated by the number of tens with which it terminates. Thus No. 1724 is in the seventeenth tier and the twenty-fourth row.⁶

The number of these blocks in which there are express offices is 830. The greatest number of rates that an agent will ever need to have at his command will thus be 829, as compared with about 35,000 at the present time. Every office in each block will then be supplied with a table, such as can be printed on a single sheet of paper, showing the rate from any of the offices in that block to the offices in any of the other 829 blocks. In addition to this table, the agent will be supplied with a directory of all the express offices in the country, which will show opposite the name of each office the number of the block in which it is located.

For the great volume of merchandise packages weighing less than 100 pounds, the commission has adopted the principle of

⁶*Interstate Commerce Commission Reports*, 24, pp. 413-414.

the graduate scale. It has prepared a number of scales, applicable to different distances, each scale showing the charges on different packages graded according to weight up to 100 pounds. In quoting the charge for any package of merchandise, the procedure would be, first, to ascertain from the directory of offices the number of the block in which the point of destination is located; then to find, from the table of blocks, which scale of charges is applicable to shipments to the block in question; then to find, from the ascertained scale of charges, the particular charge for the weight of the shipment to be sent. In this procedure, every point of inquiry concerning any charge would have a precise answer, quickly ascertainable from printed forms.

The general plan of this method of stating charges by blocks and scales would be accepted by the express companies. They could adjust their present 100-pound rates so as to be uniform to all points in the same block; and their present graduate scale of charges would be applied, as now, to smaller packages under those rates just as the scales proposed by the commission would be applied. The companies urge, however, that the particular details of the plan as worked out by the commission would greatly complicate instead of simplify the rate schedules. They allege that instead of 1,281 distinct charges now existing there would be 28,940 distinct charges. But these features of the commission's proposal are not essential to its plan for stating rates. They rather concern the refinement that should be observed in making rates for different weights and distances.

Criticisms concerning Rates and Charges

The express companies have conceded the several remedial proposals of the Interstate Commerce Commission above noted. Indeed they have coöperated in working out many of the more difficult of those proposals. But, in the matter of reforming the classification, so far as changes may affect the present rates and charges, and in the matter of the rates and charges themselves, the companies stoutly contend that the tentative proposals of the commission are impossible of application. As the question of rates and charges is the most important one in the whole controversy, it will deserve more extended discussion than the objects of complaint just under review.

At this time, attention will be confined to criticisms that have been made against present rates and charges. How far present rates and charges can be altered will be more conveniently con-

sidered in connection with the response of the companies to the specific rate schedules proposed by the commission. That discussion, as has been noted, must wait until the argument in the case has been concluded.

Classification of express matter. The classification of express matter for the application of rates is simple enough in its general outline, but rather complex in its details. The principal class is that of "merchandise." This includes all the ordinary articles of traffic. It represents about two thirds of the total number of pieces of all kinds; something more than half of the total weight of all shipments; and about three fourths of the total revenues from transportation. Next to the merchandise class is what is known by the obscure term of "general specials."¹ This class includes most articles of a perishable nature, such as bread, butter, fish, oysters, fresh fruits and berries, fresh meat, poultry, vegetables, and the like. Far the greater part of general special shipments are of this character. About 20 per cent of the total number of pieces and about 35 or 40 per cent of the total weight of all traffic is comprised in the general special class. But less than 20 per cent of the total revenue from transportation is received from this class. It will be noticed by comparing these percentages with those given for merchandise that the general special shipments weigh about four times as much per piece and yield considerably less than half as much revenue per pound as merchandise. A special class is made of beer and various temperance beverages and mineral waters. Two other minor classes remain, which are known as section D and section E matter. These articles are carried on flat rates for any distance at charges

¹ These and other special classes enjoying special rates lower than the regular merchandise rates grew up partly to meet the demand for a sort of commodity rate for shipments of large quantities of perishable goods or to meet competition for the business of shippers of large quantities of particular kinds of goods. In time, this competition between express companies, as in the case of railroad companies, gave way to a growing understanding between the companies, under which increasing uniformity in rates was developed. This was soon accompanied by the working out of a uniform classification of commodities adopted by all the companies. Eventually those special rates which were "general," that is, common to all companies, were established on a permanent and more uniform basis; and the commodities that enjoyed these rates became known as "general specials." Other special rates, given as special favors to large shippers of particular kinds of goods, became crystallized, under the pressure from those shippers for a continuation of their privileges, in various forms of minor special classes.

designed to compete with the third-class mail and the former fourth-class mail postage rates. The distinguishing characteristic of these classes is not the nature of the article, but certain special conditions of shipment that were originally prescribed to fit the practice and needs of shippers in whose interest the classes were formed. Thus the volume must not exceed \$10, the charge must be prepaid, the contents of the package must be indicated on the outside wrapping, and the package must not be sealed. The rates, under these conditions, are based on the weight in ounces and are appreciably lower than the ordinary merchandise charges for small packages of not over two or four pounds.

Shippers complain that this classification is illogical, discriminatory, and obscure. They assert that the merchandise class contains many unwarranted exceptions that bear, on the one hand, double, treble, and even four and five times the regular merchandise rate, or, on the other hand, one half the merchandise rate, or some other reduction from the regular merchandise charges. The general special class has special rates within itself, such as those for berries in crates, eggs in cases, cheese between certain points, and live poultry between certain territories when the merchandise rate is less than a certain amount. It is pointed out that section D and E classes rest on distinctions that make the same articles subject to regular merchandise rates when shipped under certain conditions and subject to the special section rates when shipped under other conditions, and that these conditions are not usually made known except to shippers whose business is sizable enough to invite special solicitation. They complain, further, that the form in which the classification is printed obscures the classification itself and operates further to discriminate against those not intimately familiar with its provisions, and even causes agents to quote unwittingly different rates to different persons or even to the same person at different times. This is due largely to the want of a consistent alphabetical arrangement of the articles in the classification.^a

The express companies admit that the classification is imperfect,

^a For example, one finds aeroplanes, baskets, books, ice cream, newspapers, saws, stoves, and other articles specified in alphabetical order; but dogs appear only under "animals," bread appears only under "general specials," chairs only under "furniture," show cases only under "glass," sheep only under "live stock," pianos only under "musical instruments," bicycles, poles, and shafts for carriages, and children's carriages appear only under "vehicles." And in most of such cases there are no cross references.

but contend that it is the unavoidable resultant of the numerous conflicting forces that have converged upon the question of rates. Still, whatever the influence of motives and purposes may have been, the Interstate Commerce Commission has truly described its present effect as providing "a number of open, yet obscure, avenues by which the initiated may secure lower rates than the uninitiated."

To meet these complaints, the Interstate Commerce Commission proposes that, instead of the present form of classification, a new one be devised with the ordinary merchandise rates as a basis. That is, recognizing the propriety of imposing higher than merchandise rates on some articles and lower than merchandise rates on others, the commission would group all articles according to the percentage of the basic merchandise rate that they bear. The classification would then show in separate groups all articles subject to the merchandise rate, and all articles subject to any given percentage of that rate, higher or lower. A further requirement of the commission is that all articles shall be arranged in a list alphabetically with an indication, after each article, of the class to which it belongs, expressed in terms of a percentage of the merchandise rate.

The express companies have consented to this general scheme for a classification, but have not agreed to any specific classification of the various commodities carried by them, because that involves a change in their established charges; and the question of rates and charges is the heart of the whole issue between the shippers and the companies. The adoption of this plan of classification must wait until the question of rates and charges is settled.

11. Rates and charges. Some criticisms of express rates and charges are directed at those charges considered as a whole; others distinguish between the different forms of charges and consider each separately. Of the former sort is an argument based on comparisons with charges in other countries that has been given wide circulation by Congressman David J. Lewis of Maryland.⁹ He found the average ratio between the express

⁹ Congressman Lewis has attempted a careful analysis and criticism of the express business in private hands, and has worked out a proposal for the government acquisition of the business. His ideas were first presented in a speech in Congress on June 8, 1911. It was later given at the second hearings before the House Committee on Post Office on the parcel post bills and again at the hearings of the Senate Committee on Post Offices on the same subject. The latter testimony has been separately printed as *Senate Document*

charges and the freight charges in a number of different countries, including those of Europe, and compared it with the similar ratio for the United States. The ratio for foreign countries varied from 3.2 to 1 up to 9.3 to 1, and averaged for all these countries, according to Congressman Lewis' computation, 5.23 to 1. The ratio in the United States he found to be 14.53 to 1. Believing that "no necessary economic cause is known which justifies a substantially higher proportion or ratio of the express to the freight charges here as compared with other countries," he drew the conclusion from this comparison of ratios that there is required "no further statement . . . to show that the charges of American express companies are prohibitively excessive, and such as to disqualify this service as a national economic agency."¹⁰

In this argument Congressman Lewis has succumbed to the hazard in all such arguments based on comparisons. He makes no allowance for differences in conditions that affect this ratio, specifically saying that there is "no necessary economic cause" for any substantial difference between the ratio in the United States and that in the other countries. On this account, his argument that express rates are excessive is inconclusive. Some of these differences may be noted.

The freight traffic in the United States is handled on a wholesale plan. No weight less than 100 pounds is recognized in the freight charges. Large quantities of agricultural products and raw materials are hauled long distances in carload and train-load shipments. In the other countries, the freight service is organized for more frequent and speedy transportation of small shipments. The average freight charge in the United States is, therefore, much lower than it would be if the freight service were of the same character as that in the other countries considered. This difference would of itself cause a very much higher ratio of express charges to freight charges in the United States.

Again, it was thoroughly shown in the testimony before the Interstate Commerce Commission that the express service in all the important countries which Congressman Lewis compares with the United States is hardly more than a fast freight service.

379, of the 62d Congress, 2d Session. All references herein will be made to this reprint. The argument cited is found on pages 11 and 12.

¹⁰ Lewis, *Testimony before Senate Committee*, p. 12.

The average charge for such a service must show a much lower ratio to freight charges than it would if the service were comparable to that in the United States.

Further, the average express charge in the United States is affected by the fact that, in the express traffic here, is included all the small-parcel business which, in the other countries, moves not by express but by parcel post. The charges on these small packages, both in the United States and in the other countries, are higher in proportion to weight than the charges on the heavier shipments that go by express. The packages of 11 pounds or less carried by express companies in the United States have comprised about 5 or 6 per cent¹¹ of the aggregate weight of all express matter, and probably only about 7 or 8 per cent¹¹ of the aggregate ton mileage, while they yield about 30 per cent¹¹ of the aggregate revenue from transportation. If the present revenue from express matter *over* 11 pounds in weight be alone considered, the ratio of express charges to freight charges in the United States would be reduced from 14.53 to 1, as found by Congressman Lewis, to 12.1 to 1.¹²

One further difference is that the charges in the United States cover the collection and delivery service, while in the other countries they do not, except in Belgium which performs a delivery service. Congressman Lewis attempted to allow for this difference, but his allowance is equal only to the present expenses of express companies for the maintenance of equipment in horses and vehicles and in stable equipment and the running expenses for stable and wagon employees and stable supplies. Clearly, this is not the same as the reduction that would result in the total cost of the service if the business were entirely reorganized on a mere station to station basis. His allowance is too small to represent this difference.

When all these differences in conditions are taken into account, it will be seen that the ratio between express charges and freight charges here must of necessity be considerably higher than the similar ratios in the other countries considered. No conclusion

¹¹ These percentages were carefully worked out from data on the character of the express traffic given in the *First Annual Report of the Interstate Commerce Commission on the Statistics of Express Companies*, page 18, and in exhibits by the Interstate Commerce Commission in the investigation into the express business. The method of arriving at these and other estimates concerning the traffic in packages of 11 pounds or less is too long to be reproduced here.

¹² See note 11 above.

of unreasonableness can be drawn from the fact that it is higher until allowance has been made for the effect of these differences in conditions on the ratio between the charges. Such an allowance cannot be made with sufficient accuracy to permit the use of Congressman Lewis' argument by comparison. For the differences cannot, in some cases, be expressed in statistical quantities at all, and in other cases cannot be so expressed without considerable dependence upon the judgment. However, it is probable that if allowance could be made for them, the ratio, between express and freight charges would be reduced to 8 to 1 or less. So that the excess, if any, over the ratio in the other countries would be too small to be of any conclusive significance in an argument of the sort used by Congressman Lewis.

Another criticism of the express rates as a whole is based on the ratio of the earnings from those rates to the investment by the companies. As usually presented, the book record of the cost of real property and equipment reported to the Interstate Commerce Commission is taken as the measure of the investment. With this is compared the operating income, the amount remaining from gross operating revenue after deducting all operating expenses and taxes. These comparisons for the years since reports have been made to the Interstate Commerce Commission are shown in the accompanying table. It is urged that this high rate of return is proof that express charges are far above reasonable amounts:

Per cent operating income is of cost of real property and equipment of express companies for the years 1911-1912

Year	Cost of real property and equipment	Operating income	Per cent operating income is of cost of property
1909	\$22,313,575	\$11,387,489	51.03
1910	25,325,668	13,392,080	52.88
1911	27,153,869	10,326,352	38.17
1912	30,264,772	6,812,544	22.51

In addition to this is cited the fact that the history of the business shows that the greater part of the cost of real property and equipment has been provided out of the earnings.

To this criticism there are several replies. One urges that the book record of cost of real property and equipment is not the measure of the "fair value" on which the companies may rightly earn returns. The whole question of what constitutes a fair value for rate purposes is unsettled. But, whatever the Supreme Court may eventually recognize as the legal standard in that matter, it has already indicated that the cost of the various items of physical property is not alone the measure of the fair value on which earnings may justly be made. Therefore, the ratio of net income to this cost of real property and equipment does not indicate the return on a fair value and is thus without significance as to the reasonableness of the aggregate charges.

This reply can hardly dispose of the preceding argument, because it does no more than raise a question concerning the basis of reasonableness in rates. Actual cost of tangible property is but an extreme form of the cost basis for testing the reasonableness of earnings. Even if the presumption is now established against that particular form, the question of just what constitutes a fair basis for earnings is so undetermined that it can no more be conclusively denied that some form of that basis will be approved than it can be conclusively affirmed. And, on any form of the cost basis, earnings of express companies will appear as a high rate of return. This reply, therefore, while enveloping the above argument in an atmosphere of inconclusiveness, does not satisfy those who approach the matter from the point of view of cost, which is so much emphasized at the present time.

Another reply to the argument based on actual cost of property is that the investment basis is wholly inapplicable; and that for several reasons. One is that express charges must, in the interest of an efficient passenger service by the railways, be high enough to keep out of the express traffic all but the most urgent business. If the volume of express traffic becomes greater, it would mean the encumbering of passenger trains with additional weight, or the interference with passenger schedules by the addition of more high speed, solid express trains with their demands for right of way, and the consequent delays to the less privileged trains.

As an argument against increasing the volume of express traffic carried on passenger trains this is unanswerable; but, as a defense of charges that produce unusually high rates of return, it is inconclusive. It assumes that all express traffic must

be carried on passenger trains. But there may be room in our transportation system for a development of a service intermediate between freight and express service. If the lowering of charges should produce such an increase in traffic as would have the effects feared, it is quite within consideration that the service could then be profitably differentiated. The old charges could remain for such traffic as required the fast passenger train service, and the lower charges could apply to a slower express, or a fast freight, service for such traffic as requires greater expedition than the freight service gives but does not need as expensive a service as the present express. The railways are developing a fast freight service, but this does not provide for the handling of small packages. There would be some difficulties in the way of such a differentiation of the express traffic because of the presence of both express company and railway in the field of transportation. But they constitute no compelling permanent necessity that express charges be high in order to protect the passenger service.

Another argument against "return on investment" as a test of reasonableness is that express charges, like freight charges, must be severally fixed with a view to the number of conditions, such as ability of traffic to move at all on given rates, value of a particular service to the shipper, market competition, competition of other transportation agencies, effect of charges on established business enterprises, and the like. When the multitude of rates and charges are adjusted to each other in the light of these conditions, then, it is said, if the resulting revenue yields a return on the investment that is unusually large, it is simply an unavoidable incident of the complicated requirements that determine a rate structure.

Unless one is committed absolutely to the distance basis for rate making, something must be conceded to this contention of the express companies. But it is open to serious question whether such considerations as those named, which are urged in defense of variations in freight rates, may be given anywhere near equal application to express rates. Freight transportation is the regular, indispensable means of distributing almost the whole volume of the products of industry and the wares of commerce. Compared with freight, the volume of express traffic amounts to only about one half of one per cent—an almost inconsiderable part of the great movement of goods in which the fortunes of individual

producers and whole communities, with their differentiated competitive or market positions, are closely bound. The greater part of express matter originates with consignors or communities to whom public policy rather requires that equality of rates for equal distances should be the general rule.

By far the strongest argument against fixing charges on the basis of investment is that there is only a very small margin separating operating revenues from operating expenses. This is shown in the following statement of the ratio of operating income to operating revenues for all the companies during the last four years ended, respectively, June 30:¹³

1909 — 16.6 per cent	1911 — 12.6 per cent
1910 — 17.6 " "	1912 — 8.4 " "

From this fact it is argued that charges cannot be reduced so as to yield only a normal return on the cost of the property without so far reducing the margin of profits as to jeopardize the solvency of the companies at the first decline in the volume of their business. Moreover, the possible reduction of charges indicated by this would be but a bagatelle compared with the alleged excess of those charges above reasonable amounts. This is a real difficulty in the way of an appreciable reduction of express charges.

At this point, it will be of interest to note that, if it be true that this small margin of profit constitutes an insuperable obstacle to any reduction of charges, then this proclaims the express business as one in which capital is guaranteed returns in excess of those received from ordinary lines of investment. This will put more arrows in the quiver of those who contend that the present express companies would better be displaced either by government or by railroad absorption of the function performed by them. The defense of the companies against a reduction of their charges thus puts them somewhat between the devil and the deep sea. Criticism can be allayed only by a substantial reduction of their charges. If that cannot be done with safety to the solvency of the companies, then agitation

¹³ Based on annual reports of express companies to the Interstate Commerce Commission. That such a small margin of profit available for interest, dividends, betterments, and surplus represents such a large rate of return on the cost of property used in the business, is due to the fact that the express business does not have to furnish its own transportation agency. The investment required is thus very small for the volume of business handled.

will be strengthened for the elimination of the present companies from the service altogether and the development of this field of transportation by either the government or the railroads. However, it is believed by many persons that this dilemma is not forced upon the companies because, as these persons think, a reduction of charges would produce an increase of traffic with new revenues that would offset the loss of former revenues on account of the reduction of the charges, and because it is believed that there is room for appreciable reduction of operating expenses by reorganizing the present methods of handling packages and accounting for them. The reasonableness of these expectations is considered at length by the companies in their response to the order of the commission. Discussion of them will be deferred until those responses are considered.

The indictment of the express charges is supported not only by these arguments against the charges as a whole, but also by criticism of the charges individually. Any consideration of the question of their reasonableness ought certainly to view them in this respect before reaching a decision. In this view, a distinction should be made between the rates per 100 pounds and the graduated charges for merchandise packages weighing less than 100 pounds.

The 100-pound rates have been determined mainly by adjustments of conflicting needs of traffic, by concessions to differences in the competitive position of communities, and by the pressure of powerful shippers. Consequently, it was an easy matter for the complainants before the commission to point out numerous inconsistencies and discriminations in the 100-pound rates for any given distance. The express companies defend this characteristic of the hundred pound rates as a necessary adjustment of their rate structure to the varying requirements of traffic and market conditions. They appeal to the experience with freight rates for corroboration of the alleged inevitableness of such variations in any schedule of transportation rates that properly adjusts itself to commerce. It has already been pointed out that there is much less ground in public policy for the adaptation of express rates to special conditions than in the case of freight rates. The public will certainly not concede that such discriminatory differences as are found to exist between express 100-pound rates are reasonable.

The 100-pound rates have been criticised as being too high,

also. Without doubt this criticism will lie with a great many of the individual rates. With respect to the general level of these rates, it is not easy to test this complaint. One basis for judgment is the fact that express traffic is a higher class of traffic than even first-class freight, and that, therefore, the express rate ought to be some multiple of the first-class freight rate. Express men have a tradition that express 100-pound rates ought to be about two and a half or three times the first-class freight rates. The commission found that they were probably about three times as high on the average; although there was the widest variation in individual cases, the express rates in some cases being less than the freight rate. What the ratio ought to be is mainly a matter of judgment as to comparative classification. In Germany the rates for the service most nearly like the express service in the United States are twice the first-class freight rate. But this ratio is too low to be applied to the United States on account of differences in conditions already noted when considering Congressman Lewis' comparison of ratios.¹⁴

If one considers either the comparative value of the service received from express and freight respectively, or the comparative class of express and freight traffic, or the comparative character and cost of the service rendered, he will find that the ratio of three to one cannot be set down incontrovertibly as unreasonable. Of course, this ratio is not an absolute test of reasonableness, because it depends upon the reasonableness of the freight rates. The ratio to freight rates is merely one more check upon results determined on other more significant bases.

It may be urged as significant in this connection that it is a common provision in the contracts between express companies and the railways that the express rates shall never be less than one and a half times the first-class freight rate. The deduction drawn is that since this ratio has the sanction of the voluntary assent of the railways and the express companies it indicates the reasonable ratio that ought to prevail. But this provision is put in the contracts, not as an index of the proper relation between all express rates and freight rates, but as a minimum limit to prevent express rates reaching the point where they would attract ordinary freight traffic away from the railway companies to the express companies. This is not, therefore, an indication of what the railways and express companies would agree upon

¹⁴ See above, page 327.

as a fair average ratio between express and freight rates. Being a minimum ratio, it argues that a mutually acceptable average ratio would be higher than one and a half. The Interstate Commerce Commission does not appear to consider the present rates per hundred pounds as markedly excessive. A comparison of about 250 of the commission's proposed charges for packages of 100 pounds between representative points shows that the commission's charges average about 20 per cent less than the present rates. But this is much greater than would be the reduction of aggregate charges on 100-pound pieces, because the present 100-pound rates between points where the traffic is heaviest, are reduced but little, if at all.¹⁵

In preparing their main response to the commissioner's order, the five largest companies found that, if the proposed rates had been applied to the business done on October 23, 1912, the revenue received from traffic in pieces weighing from 51 pounds to 100 pounds and over would have been reduced 7.39 per cent.¹⁶ From additional data in their brief for the argument on April 1, it would appear that the reduction in aggregate revenue of the proposed changes in the rates for 100 pounds would approximate 5 or 6 per cent. This is a much more reliable index of the reduction that would be affected by the commission's order in the charges on the heavier packages that now move on the 100-pound rate.

On the whole it is a fair statement to make that the complaints against the 100-pound rates are far more concerned with the inequalities of those rates and with the excessiveness in individual cases than with their general level.

Much greater discontent has been engendered by the graduated charges on shipments less than 100 pounds in weight, especially on the smaller packages. The reason for this will appear in the fact that, while these 100-pound merchandise rates apply to,

¹⁵Thus the rates from Boston to New York, Boston to Baltimore, New York to Pittsburgh, New York to Baltimore, Pittsburgh to St. Louis, Pittsburgh to Buffalo, Chicago to Boston, and Chicago to Canton, all remain the same as now. The rate from New York to Chicago is reduced from \$2.50 to \$2.40; New York to Logansport from \$2.50 to \$2.30; New York to Canton from \$2.00 to \$1.80; Chicago to Buffalo is raised from \$1.75 to \$1.80; Chicago to Cleveland is reduced from \$1.50 to \$1.40; Chicago to Lincoln, Neb., from \$2.75 to \$2.55; St. Paul to Sioux City from \$1.50 to \$1.40; St. Paul to Chicago from \$2.00 to \$1.90.

¹⁶Response on behalf of the Adams, American, Southern, United States, and Wells Fargo companies, filed Feb. 10, 1913.

roughly, only about one tenth of the total shipments and produce only about one fifth or one fourth of the total charges, the graduated charges are applied to about one half of the shipments and produce over one half of the total charges.

The criticisms of the graduate table are, in the main, three. First, the graduation of the charges according to weight is said to be illogical and arbitrary. There is no uniformity in the relation between the increases in the charge and the increases in the weight. The commission states that the amount by which the graduate charge for any weight exceeds what would be charged under a proportionate application of the base rate per 100 pounds, varies from 2 cents per package to 78 cents per package according to the weight and the base rate.¹⁷ Second, as a result of this lack of uniformity in their graduation, the graduate charges are discriminatory. That is, some packages are subjected to higher charges, in proportion to their weight and to the distance carried, than other packages of the same weight carried the same distance. Third, the charges provided in the graduate table are unnecessarily burdensome on the smaller packages. It is usually conceded by the critics that small packages should bear charges more than proportionate to their weight on the basis of the 100-pound rate. But the complaint is that the excess over a charge strictly proportionate to weight is unreasonably large, and that the charges themselves are unduly heavy for the shipments of low weights. This excess of the charge for small packages is shown in a general way by the fact that the average charge per pound for packages that take graduated charges, averaging in weight about 16 or 17 pounds, is about two and a half to three times the average charge per pound on packages taking straight 100-pound rates, averaging a little under 90 pounds in weight.

This characteristic of the graduated charges is held to be the natural result of the absence of any transportation agency competing with the express companies for the traffic in packages between those of 4 pounds or less, which have been carried in the mail, and those in the neighborhood of 100 pounds and over, which are carried by the railway freight service. Obviously, the alternative of shipping by freight tends to hold the express rates per 100 pounds within a certain distance of the freight rates. On the other hand, the competition of the mail has caused the

¹⁷ *Interstate Commerce Commission Reports*, 24, p. 428.

express companies to establish special rates on certain classes of goods that may be carried in the mail. These are the so-called section D rates and section E rates. Between the small packages of mailable weight and the large packages suitable for freight, the express company has had the field to itself. It would be nothing strange if it adjusted the charges on this intermediate traffic primarily with respect to its own profit.

That the complaints against the graduate scale on this ground are well founded is the firm conviction of the Interstate Commerce Commission. It says:

This scale is unreasonable, discriminatory, and arbitrary. It is the product of years of shrewd manipulation, and has no justification in the minds of the express men themselves. It is the richest example yet brought to our attention of a tariff based exclusively upon what the tariff will bear.

The effect of this scale is to impose an unjustifiable burden upon the small package and thereby destroy the usefulness of the express company in filling the function for which it was provided in that it discourages the movement of small packages and tends to erect the express company into a competitor with the railroad as a carrier of large shipments.¹⁸

The allegations in the impeachment of the graduate table are conceded by many express men with respect to the graduation of the charges and to the consequent discriminatory relation between the charges for different weights and distances; but they deny that there has been any intention to make them unreasonably so or to make them unreasonably burdensome. It is explained that the graduate table was not "made" but "just grew" under the influences of conflicting interests, and hence its present character. It is urged that imperative considerations of simplicity in the rate schedule require the number of different charges to be as few as possible, and that this can be had only by sacrificing uniformity in the relation of charges to weights and distance. It is further urged that the less than 100-pound merchandise traffic constitutes the highest class of the whole express traffic and must, therefore, bear an appreciably larger part of the aggregate charges on all the traffic than its proportion of the total tonnage would impose. In dealing with the criticisms of the graduate table, the commission has proposed a group of "scales" of charges, each scale to be applied to a particular group or zone of distances. Each scale of charges follow a regular gradation from the charge for a 1-pound pack-

¹⁸ *Interstate Commerce Commission Reports*, 24, pp. 427-428.

age to the charge for a 100-pound package. But the rapidity with which the charges increase for packages between 1 pound and 100 pounds is greater in the scales prepared for the longer distances. Thus, in the lowest scale, the charges range only from 21 cents for 1 pound to 55 cents for 100 pounds, while in the highest scale they range from 35 cents to \$15.20. With respect to distance, the commission has so applied the various scales that the charges for a package of any given weight increase slightly less than in proportion to the increase in the distance. The rapidity with which the charges increase with the increase in distance is greater for the heavier packages. Thus, the charges for a 1-pound package range only from 21 cents for the shortest distance to 35 cents for the longest distance, while the charges for a 100-pound package range from 55 cents for the shortest distance to \$15.20 for the longest distance.

These scales and their application to the various distances are based upon a formula¹⁹ that gives a schedule of charges which, with the exception of adjustments of fractional parts of a cent in the results, bear a mathematically ordered relation to weight and distance. On this account all elements of irregularity and arbitrariness in the graduate table are avoided. However, it is strongly urged by the companies²⁰ that this advantage is secured at too great a cost in the simplicity and practicability of the schedule for use by billing clerks in the conditions under which they must work. The total number of charges would be increased from 1281 to 28,940. While each bill clerk ordinarily needs to be familiar with or to consult only a small part of the whole number of possible charges, that part would be greatly increased in number under the scales proposed by the commission. The danger of error in billing, to say nothing of additions to the operating expenses of the companies that lurk in such a multitude of charges raises a fair question whether the commission's series of scales does not overreach itself with respect to the matter of irregularity and arbitrariness in the present graduate table. If an ordered relation of charges to weight and distance is desired, it will be possible

¹⁹The formula on which the commission constructs its schedule is somewhat complex. It is described in the response of the five larger companies of October 8, 1912, and again in the brief for the argument before the commission on April 1, 1913.

²⁰Brief on behalf of the Adams, American, Southern, United States, and Wells Fargo companies for their argument on April 1, 1913.

to secure it in a satisfactory degree without so multiplying the number of the charges.

Whether such mathematically ordered relation of charges to weight and distance is to be desired, will depend upon the recognition that should be given to the plea of the companies that the smaller packages are the only part of the traffic that must be carried at lower rates in order to permit it to move at all. This point in the response of the companies can be better considered with the other matters touching the specific charges proposed by the commission.

This account has described the more important objects of complaint against the rates and practices of express companies that have prevailed heretofore. It has stated the remedial changes, reached in some cases with the coöperation of the companies, that are applicable to the practices and methods of handling the traffic. It has discussed more fully the arguments urged in support of the complaints against the present classification, rates and charges, and has stated the general plan proposed by the Interstate Commerce Commission for dealing with those complaints. There remains to describe and discuss the specific schedule of charges proposed by the commission and the specific criticism of that schedule on the part of express companies and the shippers. This is left for a later article after all parties to the case have been heard on the commission's order.

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"THE EQUATION OF EXCHANGE" FOR 1912, AND FORECAST

In the March number of this REVIEW I published preliminary calculations for "The Equation of Exchange for 1912,' and Forecast." The present is a more complete calculation based on subsequent statistics for the price level and volume of trade.¹

Unfortunately it is impossible to construct estimates for the volume of trade as accurate as those for previous years, because the Bureau of Foreign Commerce of the Department of Commerce and Labor has been compelled, for lack of appropriations, to discontinue its detailed statements (in the *Monthly Summary of Commerce and Finance*) of the internal commerce of the United States which hitherto have formed the chief basis for my statistics of the volume of trade.

I greatly deplore the cessation of these statistics, and I should like here to record the hope that economists may in some way contrive to secure much more complete and reliable figures than any hitherto available, for the changes in *quantities* as distinguished from the changes in *money values* of goods produced, exchanged, and consumed. For generations economists have been compiling statistics of index numbers for prices, but almost no attention has yet been paid to the equally important statistics for index numbers of *quantities of goods*, and particularly for the volume of trade. The main question before us at the present time as to the high cost of living, is whether we are suffering from an excess of media of exchange or from a deficiency in actual goods. This vital question will be settled very largely on the basis of better statistics concerning the quantities of goods.

Since, however, the cessation of the figures for internal commerce did not occur until July, 1912, it is still possible to use the figures for the first six months of 1912, and to compare these with the corresponding figures for the first six months of 1911. One half the "weight" is assigned these half-year comparisons as was assigned the full-year comparisons employed in previous years. The same procedure has been adopted with respect to the statistics of car movements, the figures for which, in the *Monthly Summary of Commerce and Finance*, also cease after the first six months

¹ As in previous years, I am under obligation to the Bureau of Labor for kindly providing me, in advance of publication, with their newly calculated index number for the last calendar year.

of 1912. The volume of trade computed in this way was 14 per cent greater than in 1911. This is more than the figure used in the preliminary estimates of March, where, as a rough and ready measure of the volume of trade, was taken the median percentage increase for the following nine items: cotton production, oats, railroad gross earnings, tobacco, rye, wheat, corn, pig iron, and barley—the cotton showing a decrease and all the others an increase in the order given. The median of these nine was an 8 per cent increase. Inasmuch as the 14 per cent obtained by the more laborious method here used is based this year chiefly on only half-year data, I have thought it worth while to give some weight to the 8 per cent in the March computation, and have chosen 12 per cent as a fair average of both computations.²

So far as the above-named changes permit, the methods of calculation of the figures in the equation of exchange are as similar as possible to those employed in previous years³.

²This average is, of course, a matter of judgment. Possibly 13 per cent would be as fair; 11 per cent, on the other hand, would certainly be too low, as it would give as much weight to the very rough figures of the earlier calculation as to the more extensive figures of the later calculation. Although the earlier estimate of 8 per cent better fits into the equation of exchange than the latter estimate of 14 per cent, this fact must be set down to accident rather than to any superiority of method.

³The exceptions are in the calculations for the price level (*P*) and the volume of trade (*T*). In computing the price level (*P*), the statistics for the average prices of stocks were taken from Babson's desk sheet instead of from the calculations of Professor Mitchell, which were not available in time for use in this article.

The following explanation will indicate the difference between the calculations for *T* this year and last year. The increase of internal commerce in the United States for the first half of 1912, compared with the first half of 1911, is found (by the same method as employed last year for full years) to be 16 per cent. As explained in the text, figures for the last half of 1912 are not available. The increase in the quantities of imports into the United States for the whole year 1912, compared to the whole year 1911, by the same method as employed last year, is found to be 18 per cent and that for exports, 12 per cent, making an average for exports and imports of 15 per cent. The increase in the stocks sold on the New York Stock Exchange, taking the figures from Babson's desk sheet, was 3 per cent and the *decrease* in the car service for the first half of 1912, as compared with the first half of 1911, was found from the *Monthly Summary of Commerce and Finance* to be 8 per cent. In former calculations, the "weighting" for the above-named figures was: 20 for internal commerce, 3 for exports and imports, 2 for car movements, and 1 for stock transactions. But for 1912, taking account of the fact that the statistics for internal commerce and for car movements, permit comparisons only between the

Inserting the figures thus calculated for the six magnitudes in the equation of exchange, we find that the two sides of the equation of exchange agree within about $4\frac{1}{2}$ per cent. This discrepancy is greater than that found in most previous years. Last year and the year before, the two sides of the equation agreed within 1 per cent. The relative lack of agreement this year is, of course, ascribable to the incompleteness of the figures for the volume of trade. Accordingly, the chief adjustment or correction of the originally calculated values was made in the figure for the volume of trade. Of the $4\frac{1}{2}$ per cent of adjustment required, the left side was increased by less than 1 per cent and the right side decreased by nearly 4 per cent. The main part of the adjustment on the left side was made in the velocity of circulation and the main part of the adjustment on the right side was made in the volume of trade. The changes were as follows:

The figure for M (the money in circulation in the United States, exclusive of that in the United States Treasury and banks) was changed from the originally calculated 1.70 billions to 1.71 billions of dollars.

The figure for V (the velocity of circulation of this money) was increased from the originally calculated 21.8 times a year to 22.0 times a year.

The figure for M' (the bank deposits immediately subject to check) was increased from the originally calculated 8.15 billions to 8.17 billions of dollars.

The figure for V' (the "velocity," "rate of turnover," or "activity" of deposits) was increased from the originally calculated 53.0 times a year to 53.4 times a year.

The figure for P (the level of prices in the United States in 1912, compared with the level of 1909 taken as the base year) was decreased from the originally calculated 105.8 per cent to 105.3 per cent.

The figure for T (the volume of trade, or the number of "units" of goods of all kinds exchanged for money or checks in 1912—each unit of goods being, not a bushel, quart, or pound, but *that amount of any commodity which was worth one dollar in 1909*)

first half of 1912 and the first half of 1911, the weights here used are: 10 for internal commerce, 3 for exports and imports, 1 for car movements, and 1 for stock transactions. The average of the percentage changes on this basis proves to be an increase of 14 per cent. This, as explained in the text, was reduced to 12 per cent by giving some consideration to the 8 per cent found in the March computation by a different and much rougher method.

was decreased from the originally calculated 463 billions to 450 billions.

These modifications make the figures mutually agree and we have the following result:

$$\begin{array}{rclcl}
 \text{Circ. of money (88)} & + & \text{Circ. of checks (436)} & = & \text{Value of trade (474)} \\
 \text{Money } (M) \times \text{its velocity } (V) + \text{Deposits } (M') \times \text{their veloc. } (V') & = & \text{Price lev. } (P) \times \text{vol. trade } (T) \\
 1.71 \times 22 & + & 8.17 \times 53.4 & = & 105.3 \times 450.
 \end{array}$$

As stated in previous publications, it is important to remember that all these estimates are subject to some error. This is especially true for the present statistics because of the imperfect data for the volume of trade. Yet the cumulative or net error in the six magnitudes is only a $4\frac{1}{2}$ per cent discrepancy between the two sides of the equation. My own impression is that the statistics for money (M) and deposits (M') are probably correct within 1 per cent; those for velocity of circulation of deposits (V') and for price level (P) within 2 per cent, and those for the velocity of circulation of money (V) and the volume of trade (T) within 5 per cent.

Comparisons with the preliminary figures given in March will show that the only changes worth noting are a reduction in the figures for P , the price level, of about 2 per cent and an increase in the figures for T , the volume of trade, of about 3 per cent.

Comparing the figures as we have found them for 1912 with those for 1911, we find: that the quantity of money in circulation has increased in one year from 1.64 billions to 1.71 billions or about 4 per cent; that the volume of deposits subject to check has increased from 7.78 billions to 8.17 billions or about 5 per cent; that the velocity of circulation of money has increased from about 21 to about 22; that the velocity of circulation of deposits subject to check has increased from 49.9 to 53.4 or about 7 per cent; that the price level has risen from 102.2 to 105.3 or about 3 per cent; and that the volume of trade has increased from 413 billion units to 450 or about 9 per cent. As remarked in the March number, these results justify in almost every detail the prediction of general expansion made a year ago. Since the March article was written, there have been striking evidences of the tendency of credit toward inflation. These have been noted in many quarters of the world such as Germany, Canada, England and the United States and have led to considerable discussion as to the so-called "scarcity"⁴ of gold.

⁴For a brief statement of the fallacy in the theory that gold is "scarce,"

The following are the 1912 figures for the derivative magnitudes calculated as in previous years: The percentage of money expenditure to total expenditure⁵ ($MV \div MV + M'V'$) is equal to $38 \div 474$ or 8 per cent, while the check expenditure was 92 per cent. These are substantially the same as in 1911. The ratio of deposits relatively to money, $M' \div M$, was $8.17 \div 1.71$, or 4.8, as against 4.7 for 1911. The "virtual velocity of money" including money in banks, or $MV + M'V' \div M + R$ where R stands for Money in Banks, *i.e.*, the quotient of the total expenditure (by money and check) divided by the total money in use (both that in circulation and that in bank) is $\frac{474}{1.71 + 1.58} = 144$, as compared with 131 for 1911.

The folding diagram shows graphically the changes in all of the magnitudes in the equation of exchange from 1896 to 1911, as calculated in the *Purchasing Power of Money* and subsequently in the articles in this REVIEW. By folding the diagram in various ways, it is easy to place the balance for 1912 immediately under that for 1896 or any other particular year, and thus make a direct comparison for each of the six magnitudes. Any other two years can also be directly compared with each other in a similar manner.

As to the outlook for the future, I see no reason to change the opinion expressed in the March number, based chiefly on the great expansion of bank deposits, and on the great increase in their velocity of circulation and in the "virtual velocity of money," that we are approaching a crisis, and that this is more likely to begin earlier abroad than at home.

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see the writer's "The 'Scarcity' of Gold" in *Cotton and Finance* for February 15, 1913. See also, for a general statement, Taussig's *Principles of Economics*, vol. I, p. 437.

⁵I take this opportunity to note a misprint in last June's article (*AMERICAN ECONOMIC REVIEW*, vol. II, p. 312, footnote 16). $MV + M'V'$ should read $MV \div M'V'$.

REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Die Theorie der Volkswirtschaft: Einführung in die Soziologie und die politische Oekonomie. By PETER MASSLOW. Translated into German by Dr. M. NACHIMSON. (Leipzig: Verlag von Arthur Kade. 1912. Pp. viii, 293. 6 m.)

This is a pretentious work. As its title indicates, it aims to lay the foundations of both sociology and economics. The author tells us that the occasion of writing the book originally was an invitation, from the Council of the Higher School of Agriculture at St. Petersburg, to deliver a series of lectures on industrial evolution. The author complains that practically all of the works in economics lack the evolutionary point of view. Instead of explaining how present economic categories have arisen through the transition from a natural to an exchange economy, economists take for granted present capitalistic society with all of its categories. Even in the works of the representatives of the historical school, one finds, least of all, an analysis of economic life in its totality as presented by human history. So we seek in vain, he says, an answer to the most important question of all: the question of the distribution of the forces of production in different branches of production; as, for example, why a certain amount of labor force is applied to the production of articles of luxury, another amount to the production of grain, etc. In brief, our author puts forth the claim that the question of the evolution and distribution of the forces of production is and remains the cardinal question both of political economy and of sociology.

Marx, alone, of economic writers, has clearly seen this. In the preface to his work, *Zur Kritik politischen Oekonomie*, he set forth his celebrated sociological explanation of the historical evolution of society:

At a certain stage of development the material forces of production in society come into contradiction with the existing relations of production, or—what is but a legal expression for the same thing—with the property relations, within which they have been at work before. From forms of development of the forces of production these relations turn into their fetters. Then enters an epoch of social revolution.

This explanation of historical evolution of society is accepted today, our author says, by practically all sociologists. The only

trouble with this explanation is that Marx does not explain what he means by "the forces of production" (*Produktivkräfte*), or "the evolution of the forces of production." Not only economists, but also sociologists, ought to direct their chief attention to the evolution and distribution of the forces of production.

The idea of most Marxists is that Marx meant by "the forces of production," technical progress in the narrow sense of the term, that is, changes in the methods of production. This, our author shows, is an inadequate conception of the forces of production:

As social productive forces, we understand the sum of active labor and of the means of production which are necessary for further production. The development of the productive forces of society can accordingly, proceed with an unaltered expenditure of labor as a consequence of technical progress, as well as also, conversely, with a stationary condition of technique and an increased expenditure of labor.

In other words, the increase of population and technical progress are the active factors in social evolution, since the economic motive of seeking the greatest gain for the least effort remains a constant element in all periods of human history.

This brief statement of the point of view of the author is sufficient to indicate the nature of his work. It is almost wholly in the way of elaboration of Marx's "historical materialism." From this point of view he takes up successively in part I the evolution of industrial systems; in part II the organization of industry; and in part III the distribution of the forces of production. His conclusion is clearly enough indicated in his premises. It is that the direction and character of human activity are determined through conditions lying outside of the individual. These have been so arranged that a minority of the population exploits the majority. The forms of exploitation have changed from age to age, but exploitation itself has remained. Only with a new organization of production, in which land and all the means of production shall belong to society, will it be possible to put an end to this exploitation of the majority by a small minority. Production must, in other words, be organized, not in the interest of the individual, but in the interest of society. Only then will the organization of production become a conscious product of the human will in the truest sense.

Criticism of such a work is almost superfluous. The writer of this notice does not feel competent to judge the value of the contribution which the book makes to economic theory. But from

a sociological point of view, it may be safely said that the book adds nothing of value to the already voluminous discussion of historical materialism, or economic determinism. It certainly is not true that Marx's generalization is accepted by most sociologists. Rather the consensus among the leading English-speaking sociologists, at least, is that the economic factor is but one factor among many, though a very important one, in social evolution; that it determines the general outline or framework of our social life rather than its more intimate, personal relationships and ideals.

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Zur Entwicklung der nationalökonomischen Ansichten Fr. Lists von 1820-1825. By ERNST LADENTHIN. Studien zur Sozial- Wirtschafts- und Verwaltungsgeschichte, VII. (Vienna: Verlagsbuchhandlung von Carl Konegen. 1912. Pp. 126. 3.50 m.)

This clear-cut and interesting study in *Dogmengeschichte* is one of the monographs which are appearing under the editorship of Professor Carl Grünberg, of Vienna. It was suggested by Professor Wilbrandt of Tübingen, and was completed under Professor Grünberg. It is an attempt to trace the origin of List's economic ideas; but is largely negative in results, as it spends much of its force in disproving previous theories on this point.

One group of writers has emphasized Adam Müller as List's forerunner. Another has stressed his American experience. Some—like the reviewer—have allowed weight to both factors. Dr. Ladenthin, however, maintains that List drew most largely upon certain contemporary French writers. The chief merit of the work is that it brings out the significance of the years 1819-1827 in List's life, and analyzes the influence which Chaptal, Louis Say, and Ferrier exerted over him.

To those who hold that the American Daniel Raymond changed List's ideas, through his *Thoughts on Political Economy* (1820), Ladenthin replies: (1) Signs of List's national-protection ideas appear in a writing of 1820; (2) the change was in part due to List's observance of the effects of the Napoleonic continental blockade and the needs of his country; (3) before going to America, List read widely and was active along lines leading to his later conclusions; (4) in 1822 he planned to translate several French writers who held nationalistic theories.

All these French writers were critical of Smith's economics, and emphasized the nation as a distinct and important factor in economic life. Chaptal, in his *Industrie Française* (1819), recounted the history of French industrial policy, and expressed the idea of industrial stages with protection desirable in the earlier ones. Louis Say's *Considérations* (1822) analyzed capital in a way later followed by List. Ferrier's *Du Gouvernement* (1804) expressed nearly all the ideas List ever wrote, and especially developed the distinction between national and individual economy. Though not able absolutely to prove that List borrowed from Ferrier, Ladenthin easily makes a convincing circumstantial case. One cannot but wonder that List nowhere refers to the Frenchman. The nearest he comes to it is to say in one place that a French writer had likened Adam Smith's economics to astrology and hoped to put an astronomy in its place. Ferrier uses this simile.

List is made to stand forth, not as a great economic theorist, but as a popularizer who gave to protectionists some scientific arguments, and who helped to build German nationality. In the nature of the case, proof is difficult in these matters. In arguing that Raymond is not the source of List's theories, because others who wrote at about the same time might have influenced those theories, Dr. Ladenthin can establish no *positive* conclusion: Raymond's influence is not thereby excluded. Again, while it is true that Müller's reactionary spirit was very different from List's progressivism, List may well have drawn particular ideas from his nationalistic countryman. When it is urged that there is no trace of Müller in List's 1819 pamphlet, one must also observe that neither is there any trace of Chaptal or Ferrier! In short, the very arguments which dispose of German and American influence may to a great extent be turned against the French, and the arguments in favor of the French may to an equal extent be used to support the claims of Müller and Raymond. It seems to the reviewer that the upshot of the matter is that we must add Say and Ferrier to Müller and Raymond—to say nothing of Alexander Hamilton and the American environment.

Yet, withal, this is a clear and scholarly study. The student of the history of the science will also find a valuable bibliography.

LEWIS H. HANEY.

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NEW BOOKS

BARONE, E. *Principi di economia politica*. (Rome: Athenaeum. 1912. Pp. vi, 382. 9 l.)

CAULLET, P. *Éléments de sociologie. La science et l'art, lois et hypothèses, systèmes et utopies*. (Paris: Rivière. 1913. 7 fr.)

DANEL, J. *Les idées sociales de Ruskin*. (Paris: Bloud et Cie. 1913. 3.50 fr.)

DIEHL and MOMBERT. *Ausgewählte Lesestücke zum Studium der politischen Oekonomie*. Vols. IV, V. *Wert und Preis*. Vol. VI. *Bevölkerungslehre*. (Karlsruhe i. B.: G. Braunsche Hofbuchdruckerei. 1912. Pp. 184; 235; 217. 2.60 m. each.)

DUPONT DE NEMOURS. *De l'exportation et de l'importation des grains (1764)*. L. P. ABEILLE. *Premiers opuscules sur le commerce des grains (1763-1764)*. (Paris: Paul Geuthner. 1911. Pp. xlv, 128. 7.50 fr.)

The editors of the *Collection des Economistes et des Réformateurs Sociaux de la France* have placed students of the physiocratic economics under further obligation by a reprint of two important corn law tracts of Dupont and Abeille. Professor Depitre of the University of Lille has contributed a scholarly introduction, and a fac-simile title page and pagination guides add to the serviceableness of the issue. In the doctrinal history of *La police des grains*, Dupont and Abeille are as essential for the period from 1759 to 1764 as Herbert and de la Touche—whose tracts Professor Depitre has already given us in an earlier number of the *Collection*—are for the earlier years. Taken with the biographical study of Professor Schelle and the monumental history of M. Weulersse, the material now made so intelligently available offers for the first time to the ordinary student an opportunity to understand an important, though complicated episode in the development of economic thought.

J. H. H.

FARNAM, H. W. *Bibliography of the department of economics and sociology of the Carnegie Institution of Washington*. (Washington: Carnegie Inst. 1913. Pp. 17.)

FENGLER, O. *Die Wirtschaftspolitik Turgots und seiner Zeitgenossen im Lichte der Wirtschaft des Ancien Régime*. (Leipzig: A. Deichert. 1913. 3 m.)

HEITMANN, H. *The true statistical basis of science as fact in the social order: a study in social psychology*. (Poughkeepsie, N. Y.: Henry Heitmann. 1912. Pp. 62. 50c.)

LAYCOCK, F. U. *L'économie politique dans une coque de noix*. Translated from the English by M^{lle}. DIDIER. Introduction by YVES GUYOT. (Paris: Alcan. 1913.)

LEROUX, A. *Valeur de l'enseignement économique*. (Paris: A. Rousseau. 1913. Pp. 47.)

LORIA, A. *Les bases économiques de la justice internationale.* (Paris: Giard et Brière. 1913. 4 fr.)

PARMELEE, M. *The science of human behavior. Biological and psychological foundations.* (New York: Macmillan. 1912. Pp. xvi, 443. \$2.)

PENSON, T. H. *The economics of everyday life. A first book of economic study.* Part I. (London: Cambridge University Press. 1913. Pp. 190. 8s.)

SAMSONOFF, B. *Esquisse d'une théorie générale de la rente. Suivie d'une critique des principales opinions émises sur le même sujet.* (Lausanne, Switzerland: F. Rouge & Cie. 1912. Pp. 245.)

SOMMARIN, E. *Var ekonomi och politik.* (Stockholm: Geber. 1912. Pp. 315.)

A study of economic theory—division of labor, production and distribution; and of practical economics—commerce and industry, finance, and social politics including an exposition of conservatism, liberalism, and socialism.

WEST, J. *John Stuart Mill.* Fabian tract No. 168. Bibliographical series No. 4. (London: Fabian Society. 1913. Pp. 23. 2d.)

————— *Verhandlungen der ersten Hauptversammlung der internationalen Vereinigung für vergleichende Rechtswissenschaft und Volkswirtschaftslehre in Berlin zu Heidelberg vom 3. bis 9. September 1911.* (Berlin: Franz Vahlen. 1912. Pp. 666. 15.50 m.)

Economic History and Geography

The New Democracy. By WALTER E. WEYL. (New York: The Macmillan Company. 1912. Pp. viii, 370. \$2.00.)

It is the reviewer's judgment, based upon repeated careful reading of the book, that Weyl's *New Democracy* is one of the most valuable studies of American political, economic, and social conditions that has yet been made. The book is broadly and deeply philosophical, and at the same time bears in every paragraph evidence of ripe scholarship and a painstaking gathering and study of materials that have been mastered and distilled rather than thrown at the reader in a welter of tables and documents, dates and footnotes. Indeed, it is so readable—so artfully is its art concealed—that an ironical mind might be moved to query how it came to be written by one who has spent more than the allotted prentice years in the graduate schools of American universities. In this respect, as in particular conclusions reached by the author, the disciple of Patten has given heed to the exhortation of the master. A review may often properly be designed in part to avoid or lessen for others the need of reading the book reviewed. *The New Democracy* cannot be thus treated. It is one of Bacon's

"few to be chewed and digested"; "to be read wholly, and with diligence and attention." The following brief abstract is offered in support of this assertion.

"The disenchantment of America" (ch. 1) with our old-time democracy is coincident with the birth of a new democracy, of a "new spirit, critical, concrete, insurgent." This new spirit is not yet self-conscious, does not know whether to look forward or backward, is still negative, as was early Protestantism:

As it becomes positive, the new spirit seeks to explain itself, and in so doing to understand itself. It seeks to test its motives and ideals in their relation to American history and conditions. Is our new democracy merely the old democracy in a new coat? Is it a return to the past or a turning from the past? Is it an imported creed or a belief of native growth? Is it a high-hung Utopia or an attainable end? Is it a destruction, or a fulfillment, of the fundamental law of American development? Whence does it come? Whither does it lead? What is it and what is it to be? What does it mean, for better or worse, to the common run of us?

This new spirit of a new democracy the author seeks to explain and analyze in the following chapters in such fashion as to answer the questions just quoted.

America, dreaming of a democracy, while yet no democracy could be, made "the shadow democracy of 1776" (ch. 2). Some beginnings had been made in putting substance behind the shadow when, in 1831, the country had to give over its leadership here to take up its historic mission of "the conquest of a continent" (ch. 3). This task explains "the individualistic spirit of America" (ch. 4) and "the sovereign American and his state" (ch. 5). Its latter-day result has been "the plutocratic reorganization" (ch. 6) of our industry and "our resplendent plutocracy" (ch. 7). "The plutocracy in politics" (ch. 8) is finally compelled to attempt the control of public opinion (ch. 9), and in the last analysis is now on trial to prove its efficiency (ch. 10). But within, society is gradually evolving "the new social spirit" (ch. 11) which is to give us a real democracy, not through a class war (ch. 12), but through a new national adjustment; not through increasing poverty of any class, but through the increasing wealth of America, which will furnish the motives and the means for that democracy (ch. 13). This social surplus—a really new thing under the sun—will make practicable and attainable as our immediate goals new "levels of democratic striving" (ch. 14); an economic level, above the poverty line of Rowntree; an intellectual level far above mere literacy; and a political level well above the suffrage line.

This review would be incomplete if it failed to mention that Dr. Weyl's book has already had a wide and strong influence on recent political movements and opinion. It seems certain that in the days before us this influence will be multiplied. It should be a source of gratification to members of the American Economic Association that one of their number has been able to escape the aridity and formalism of the schools and by a rare combination of insight and research so present the fruits of scholarship that the wayfaring man may read.

GEORGE RAY WICKER.

Dartmouth College.

Economic Beginnings of the Far West. How We Won the Land Beyond the Mississippi. Vol. I. *Explorers and Colonizers.* Vol II. *American Settlers.* By KATKARINE COMAN. (New York: The Macmillan Company. 1912. Pp. xix, 418; ix, 450; illustrated. \$4.00.)

They who cannot understand how a book can possibly be interesting and at the same time scholarly will suspect the scholarship of this book until they examine it critically. It is narrative in style and does not eliminate the dramatic features of the long struggle which was eventually to bring the vast territory beyond the Mississippi under the dominion of the United States, and the greater part of it under the influence and control of that type of American civilization which is commonly called "The North." Volume I, which is devoted to the subject of explorers and colonizers, bears on the outside cover, as the symbol of the period which it describes, a picture of the beaver trap, while volume II, devoted to the subject of American settlers, bears as its equally significant symbol, a miner's rocker of 1848. The narrative covers the most dramatic episodes in American history, such as the early Spanish explorers of the Southwest; the mission fathers and their settlements; the Santa Fé trade over the old trail of picturesque memory; the Russian settlements of the Northwest; the fur trade and the vast explorations carried on in the quest of the beaver; the explorers of the great West—English, French, Spanish and American; the struggle for Oregon; the Mormon migration; the conquest of Texas, New Mexico and California; and, finally, the struggle between rival types of American civilization for the possession of Kansas.

It is easy to be carried away by the story, and if one were to

venture a criticism, it would be that the author has not adequately safeguarded the reader against this temptation. Unless he takes care he may not see back of the narrative the real economic significance of the great movement, or maze of movements, which culminated in American domination; or he may not see, as the result of his reading, "the underlying economic conditions that determined the outcome of war and treaty and race competition, . . . the bread and butter struggle that must ever result in the survival of the fittest—the ablest to utilize the resources of a virgin territory." As the narrative proceeds it becomes increasingly clear that it was the American settler whose superior adaptability and productivity won the country, even before war or diplomacy registered the result already achieved. "The self-employed and self-supporting farmer took possession of the land in a sense not to be disputed." Everywhere the story is essentially the same, whether it be in Texas, Oregon, or California. Even in Kansas, it was the economic superiority of this type of settler which made that state a land of "free soil and free men."

One may perhaps be permitted to read the same economic lesson into the earlier period of American history. Was it not the habit of the English colonists in America of settling down on farms, planting themselves on the land, as it were, rearing their families, and plying the productive arts, which predestined North America, from the earliest settlements, to become predominantly Anglo Saxon? Against such settlers, ever seeking homes where they could take root and breed more of their own kind, and developing a practical ingenuity unprecedented in the history of the world, the more romantic and adventurous but less productive French of the North, and the more warlike and domineering Spaniards of the South, were doomed to struggle in vain. This vital principle was as completely embodied, perhaps, in the Mormon settlement as anywhere in American history, unless it be among the Pennsylvania Germans. The author's account of the Mormon migration is one of the most illuminating parts of the whole story. It is, besides, an eminently fair and candid description, and gives an economic student a new respect for the Mormon people in spite of some absurd religious doctrines and reprehensible practices. To one who did not understand the all-conquering virtue of this principle, the migration of these apparently misguided people across a thousand miles of plain, mountain, and desert, and their attempt to wrest a living from a region so

unpromising as the Salt Lake basin, must have seemed like wholesale suicide. The fact that thousands upon thousands of them did migrate with their women and children and aged, that they literally made the desert to bloom and blossom, and that in an incredibly short space of time they built up a worthy civilization on no foundation except the American settlers' and English artisans' virtues at their best, must stand forever as an object lesson in economics.

Writers of less insight, with a meager interest in truth but a mighty desire for the picturesque, have been prone to magnify the more romantic and exciting callings of the explorer, the hunter, the trapper, and even the cowboy. Each of these has, in turn, played his part. But the American has not been superior to the Spaniard of Mexico as explorer or cowboy, nor to the Frenchman of Canada as explorer, hunter, or trapper. If the fate of the continent had depended upon the Americans who have entered these worthy callings, the Southwest would probably still be under Mexican dominion, and the Northwest would undoubtedly belong to Canada. It was the willingness of the American settler to follow in the wake of the explorer, the hunter, and the trapper, utilizing the geographical knowledge which they had spread, and the planting of himself on the soil in large numbers, which effectively held these territories. In this kind of occupation the American settler has been without a rival. His productivity, his family-building propensities, his ability to work effectively with his fellows, have created American soil wherever the soles of his feet have pressed.

T. N. CARVER.

The Latter Day Saints. A Study of the Mormons in the Light of Economic Conditions. By RUTH KAUFFMAN and REGINALD WRIGHT KAUFFMAN. (London: Williams and Norgate. 1912. Pp. viii, 362. 10s. 6d.)

The purpose of this book is "to give to British readers an account, written by citizens of the United States, of the Mormons, their faith, their marriage system, their history, their political influence, and their economics." This program is faithfully carried out, but Mr. Kauffman, a socialist and the author of the *House of Bondage*, approaches his problem with a special animus. The history is not always accurate, and the discussions of polygamy and the Book of Mormon are far from just. The

political review is partisan, and the economic background is inadequately treated. The authors have not comprehended the economic significance of the Perpetual Emigration Fund—the most effective emigration system ever organized—the far-sighted land policy represented in the “stakes” or colonies, and the fundamental principle of brotherhood that actuated the coöperative enterprises. The account of the business methods of the Mormon Church is drawn from the reports of the Smoot inquiry and the Sugar Trust investigation, and indicates, what is a matter of common knowledge, that the Mormon Church is the most enterprising and powerful business concern in the Cordilleran region. The conclusion that a vast industrial monopoly has been built up, which profits by high prices and low wages in a fashion rendered notorious by certain other great combinations of capital, ignores the distinction that this peculiar monopoly exists of, by, and for the people in whose behalf it operates. There is no indication that this study of a most remarkable economic phenomenon was made upon the ground, or in conference with any of the principals in the movement. The bibliography is short, and one does not find in the list such indispensable authorities as Whitney’s four volume *History of Utah*.

KATHARINE COMAN.

The Constitution and Finance of English, Scottish and Irish Joint-Stock Companies to 1720. Vol. I. *The General Development of the Joint-Stock System to 1720.* Vol. II. *Companies for Foreign Trade, Colonization, Fishing and Mining.* Vol. III. *Water Supply, Postal, Street-Lighting, Manufacturing, Banking, Finance and Insurance Companies. Also Statements Relating to the Crown Finances.* By WILLIAM ROBERT SCOTT. (New York: G. P. Putnam’s Sons. Vol. I, 1912; Vol II, 1910; Vol. III, 1911. Pp. lvi, 488; x, 504; xii, 563. \$5.00; \$5.00; \$6.00.)

The unusual order in which these volumes have appeared is easily explained by the character of the work. The first volume is a general and comparative survey of early joint-stock companies. The second and third volumes deal with particular companies. The first volume is therefore an introductory summary; it might with almost equal propriety have served as a conclusion. On the whole, however, readers will probably concur with the author in his decision that the “conclusions” should properly come first.

The innumerable paged references to the second and third volumes account for the necessity of printing the latter first.

For this substantial work of over 1600 pages, economists and historians owe an inestimable debt of gratitude. The patient and protracted labors of the author are attested not only by the unusual length of the work, but by the wide range of authorities cited in its footnotes. The mere listing of these authorities covers thirty compactly printed pages at the beginning of the first volume. The authorities include manuscripts and collections of papers, official publications, books and articles, pamphlets and current newspapers. From the wide range of authorities consulted the author has accomplished the seemingly hopeless task of piecing together, usually in minute detail, the internal organization and management, the collection and control of capital, and the profits and losses of all the important, and of a very large number of lesser companies organized before 1720. The material for such a reconstruction is very abundant, but so scattered that only an immense amount of industry could have made it available.

To deal successfully with such abundant but such scattered material does not call merely for patience and industry; it calls even more for accuracy and discrimination; and all of these qualities are happily displayed in the present work. Careful discrimination was perhaps the most difficult task, though in the printed volumes the task least obvious to the casual reader. Information came from all sorts of sources except (usually) disinterested sources. To glean the truth from those who did not mean to tell the truth, or who, at least, were unfitted to tell the truth impartially, has been a large part of Mr. Scott's task.

Among other results, new light is thrown on many matters already recorded (as many have thought) "authoritatively." A conspicuous instance is the famous survey of joint-stock enterprise by Adam Smith. On this subject, Smith relied almost exclusively upon "that sober and judicious writer, Mr. Anderson," who in turn drew his inferences from fragmentary data accepted without critical discrimination. Scott criticises Smith's conclusions so convincingly that the most ardent admirer of the *Wealth of Nations* cannot fail to acknowledge its fault in this particular. Indeed, Smith's evident error in his judgment of joint-stock companies has so long been accepted that we are prepared to read that "the parts of the *Wealth of Nations*, treating of companies, show less of the remarkable economic investigation of the writer at first-

hand than almost any other part of the book." But the sweeping criticism of Smith will surprise many. With respect to foreign trading companies Smith's assumed facts are refuted, his animus in selecting facts suggested, his inferences challenged, his measure of inducements toward efficiency attacked. With respect to domestic enterprises, Smith's famous conclusion as to the four industries which could be successfully conducted by stock companies without monopoly is disputed at every possible point—the element of monopoly was not wholly lacking; the businesses named were not then capable of being reduced to routine; the real advantages of stock companies were overlooked; and their real defect remaining to be corrected not discerned with any clearness. The most conspicuous instances of success in joint-stock enterprise before Smith's time are found among undertakings requiring large capital and extensive credit, and involving a large element of risk and experiment—conditions very different from those suggested in the *Wealth of Nations*.

One of the most interesting contributions of these volumes is the tracing of the evolution of the ideas of "shares," "stock," and "capital." Others have touched upon these subjects, but none as circumstantially as the present writer. If we groan, now-a-days, because courts, accountants, and even economists employ the term "capital" ambiguously, we have at least made some gain over times when "stock" might mean investment, raw material, finished product, tools and provisions, provisions and cash available for dividends and wages, the "whole charges," the sums provided by shareholders, the floating assets (quick stock), or both the "quick" and the "dead" stock.

The tracing of the evolution of the share of stock has also a practical, as well as a scientific, interest. The proposal to adopt shares without par value, recently being urged in high quarters, most notably perhaps by the Railroad Securities Commission, is a proposal to go back to the original simple conception of a "share." At the outset, before the general concession of limited liability, before "perpetual succession" was commonly availed of (because joint-stocks were usually expeditiously wound up), and while there was as yet no conception of "capital" as something to be kept intact, it was easy and, we must presume, natural to regard shares as having no fixed denomination, but as merely participations in the affairs of the companies. The number of shares was usually fixed, fresh requirements being provided for by

additional calls, which were unlimited. To relieve the embarrassments due to high values of shares and to the inconvenience of calls, the shares were divided into fractions—halves, quarters, and even eighths. Now, limited liability, continuous operations, and scruples (or prejudice) against even undisguised payments of dividends out of capital, distinguish modern business companies from those of the sixteenth and seventeenth centuries. Whether these established modern principles have made a fictitious normal or par value necessary, or whether we could go back to the simple share having no fictitious value, without sacrificing modern requirements, are very serious questions which neither the friends nor the opponents of "stock without par value" have painstakingly considered. The problem is well worth investigating, and a careful study of legal decisions and legislation since 1720 would unquestionably throw much light upon it.

Current economic conditions are so carefully regarded in the general survey of the development of the joint-stock system to 1720 that volume I constitutes much more than a study of companies. It is almost a financial, commercial, and industrial history of the period. The joint-stock companies were profoundly influenced by the ebb and flow of general prosperity, and the author has not neglected to emphasize this fact. A casual examination of the chapter titles might even suggest that the importance of alternations of good and bad times had been over-emphasized, for "crises" of surprising frequency are made the dividing lines between chapters. But while the "crises" include every degree of disturbance from a succession of dull years to a panic, the nature and intensity of each disturbance is carefully explained, so that the differences between successive periods are not exaggerated.

The bulk of the second volume is concerned with the trading and colonizing companies. These companies have already been made familiar to us by numerous other authors; yet much more has been written of their external activities than of their internal organization and finances, so that much remained for Mr. Scott to bring out. Other undertakings described in this volume are the fishing, mining, and draining companies, about most of which very little has hitherto been written. The third volume comprises accounts of water-supply, postal, street-lighting, manufacturing, and financial companies. The bulk of the volume is absorbed by the manufacturing, banking, and insurance undertakings.

A review of this work would not be complete without mention of the numerous and elaborate tables of capitalization, dividends, and market quotations; the tables relating to the promotions of the South Sea period, 1719-1720; those showing the dates, titles, instruments of association, government, capitalization, quorums, qualifications of directors, and voting rights of all the companies from 1553 to 1720; and statements relating to national finances during the same period.

Several excellent monographs previously published by Mr. Scott gave him a high place as an economic historian, and the present work gives him a place in this field which very few others have reached.

WILLIAM H. PRICE.

Yale University.

Studies in the History of English Commerce in the Tudor Period.

I. *The Organization and Early History of the Muscovy Company.* By ARMAND J. GERSON. II. *English Trading Expeditions into Asia under the Authority of the Muscovy Company (1557-1581).* By EARNEST V. VAUGHAN. III. *English Trade in the Baltic during the Reign of Elizabeth.* By NEVA RUTH DEARDORFF. (New York: D. Appleton and Company. 1912. Pp. xi, 343.)

Among the many useful studies in social, economic, and colonial history which have not merely been produced but published under the auspices of the department of history of the University of Pennsylvania in recent years, the present volume is not the least interesting and important. The essays here presented are, obviously and avowedly, doctoral dissertations curiously similar in scope, treatment, and even in bulk, the largest covering 122 pages, the shortest just under 90. They are, in effect, almost standardized investigations in the field of sixteenth century commerce, which it may be supposed and hoped will be similarly extended to cover a far larger area with similar monographs. For such an undertaking there can be nothing but praise. Hitherto the inquirer in that field has been forced to content himself, among published books, at best with Bonnassieux's heroic if encyclopedic attempt to perform the impossible task of covering the whole field, and, at worst, with Cawston and Keane. Besides these an array of writers interested in one phase or another of this development have touched upon the history of the earlier English trading

companies with more or less crudition and success. Thanks chiefly to the importance of their results, the companies connected with America have had adequate treatment; the East India Company is now coming to its own; the Hudson Bay Company has been the subject of an exhaustive monograph; and in lesser degree other and later companies have been similarly recognized.

The great army of little books on English expansion have passed over these earlier commercial enterprises with small knowledge or attention, while the scope of even Zimmermann and of Lannoy and Van der Linden prevents such minute treatment as we have here, even were they not chiefly interested in the colonizing side. There is, then, ample room for expansion. There is, however, a scarcity of available material. One is surprised to find on what meager authorities such studies must be based. Hakluyt, Purchas, the *Reports of the Historical Manuscripts Commission* and the *Calendars of State Papers* naturally loom large; unpublished manuscript sources are extraordinarily scarce. One reason for this, Professor Cheyney suggests in his preface, is the probable destruction of the records of the companies in the Great Fire of 1666. Even the examination of papers in the Record Office seems to have revealed little that is valuable which has not been adequately reproduced in the *Calendars*. Some new material is, indeed, included here; notably, a list of members of the Muscovy Company; references to the Records of the Court of Husting, in the Guildhall, with other matter from the same repository; together with, in one thesis, the British Museum collections, particularly the Cottonian. But the net result of these searches for such material is far less than might well have been supposed. Possibly if the unpublished sources in foreign archives are ever made accessible in any way, our knowledge may be considerably increased, but recent events in the near and middle East seem to reduce this probability, so that we can look only to the Baltic powers for such additional information. None the less, these studies have an interest and a value in bringing together available information concerning the early companies in convenient and usable form. Their conclusions are rather amplifications and corrections in details of our previous knowledge than discoveries affecting the whole fabric of commercial history. From them and from like studies which we may hope to have in the same field, we shall perhaps be able ultimately to write that long-needed and much desired chapter in English development.

One point alone seems to call for more consideration, the bibliographies. Nothing, perhaps, is more abused by its excesses in such publications, but these studies have gone almost to the opposite extreme in their extraordinary brevity. If such work is to reach the highest level of efficiency, it ought to include some statement of existing knowledge of the subject which it treats, and some evaluated list of the authorities on which that knowledge rests. This these bibliographies only do in part. The first has but ten items, all source material; the second, twenty-two, of which nine are sources and the rest for the most part imperfectly described: the third, after a general statement of sources, enumerates six secondary authorities, while books used for but a single reference find place only in the notes. It is an ungrateful task to comment thus upon such useful, conscientious work, but to many who will use the book, no excellence would be more acceptable than this.

W. C. ABBOTT.

Yale University.

Democratic England. By PERCY ALDEN. (New York: The Macmillan Company. 1912. Pp. xii, 271. \$1.50.)

The author has had twelve years' experience in East London, has made frequent visits to Canada and the United States, has observed "on the spot" new developments in Australia and New Zealand, and has been for six years in the House of Commons. The resulting character of expert authority in the author is perhaps of greater value to the student of economics than is the substance or thought of the book itself. The general reader, however, will find in the rather slender volume an excellent and concise summary of the latest developments in English social legislation, and of the accompanying change of English public opinion.

In successive chapters the author treats of the problems of child labor, sweating, unemployment, state insurance against sickness, old age, housing, municipal ownership, the labor movement in England, and the land and the landless. In every chapter, a general statement of the problem, especially as it has presented itself in England, but with interesting reference to the experience of other countries, is followed by a discussion of recent legislation and the method and machinery of its enforcement.

His conclusions seem generally sane and practical, though they are clearly radical, and are clearly informed with an intense social sympathy. The reviewer has noted a few points, however, at

which the author might well have been more critically alert. Thus Mr. Alden cites Dr. Leslie Mackenzie's report of 1907 on the physical condition of the public school children of Glasgow, and quotes with approval Dr. Mackenzie's statement: "It cannot be an accident that boys from two-roomed houses should be 11.7 pounds lighter on an average than boys from four-roomed houses, and 4.7 inches smaller. Neither is it an accident that girls from one-roomed houses are on the average 14 pounds lighter and 5.3 inches shorter than girls from four-roomed houses." The reviewer himself believes that differences in housing accommodation and the probably correlated differences in food are the causes, or the chief causes, of these differences in weight and height; but he cannot accept such a conclusion without at least raising the question whether the inferior bodily development is not a natural inheritance from parents whose smaller physique has condemned them and their children to "one-roomed" failure in the competitive world of hard-handed industry.

GEORGE RAY WICKER.

Dartmouth College.

Wirtschafts- und Verkehrsgeographie der europäischen Staaten. Mit besonderer Berücksichtigung der Oesterreichisch-ungarischen Monarchie. By JOSEF STOISER. (Vienna: Carl Fromme. 1912. Pp. xv, 311.)

Commercial and Industrial Geography. By ALBERT GALLOWAY KELLER and AVARD LONGLEY BISHOP. (Boston: Ginn and Company. 1912. Pp. 357. \$1.00.)

Stoiser's work presents a more detailed treatment of the European states than does his earlier (1910) *Grundriss der allgemeinen Wirtschafts- und Verkehrsgeographie*. Except that Austria-Hungary is naturally given more than usual attention, the method of treatment is the same as in other German works, *e.g.*, Eckert. The primary divisions throughout are by political divisions; the subdivisions are by industries.

Keller and Bishop add another to the list of American texts intended for secondary schools, but the treatment is radically new. The primary divisions are by industries—by grand groups—and the geographical treatment is incidental; in fact, the authors seem to assume rather than to intend to impart a knowledge of geography. For example, part III, Clothing and Clothing Materials, is subdivided by chapters as follows: Uses and Varieties

of Clothing; Materials Used in Making Clothing; Cotton—its Distribution and Culture; Cotton—its Transportation and Manufactures; The Factory System in the Manufacture of Clothing.

This treatment raises some very interesting questions, discussion of which is impossible here. Admitting that there is a place in instruction for such a book, admitting also that the point of view of the German writers (a point of view determined before commercial geography had become differentiated from geography and still adhered to on the Continent) does not meet the requirements of our analysis of the subject, the reviewer, nevertheless, believes that this is not a book on commercial and industrial geography. He believes that the most logical presentation of the subject is to be found in Robinson's *Commercial Geography* (cf. *AMERICAN ECONOMIC REVIEW*, vol. I, p. 563), and the sanest discussion of its purpose and scope in the preface of the same work.

H. S. PERSON.

Amos Tuck School, Dartmouth College.

La Géographie Humaine. Essai de Classification Positive. Principes et Exemples. By JEAN BRUNHES. Second edition, revised and enlarged. (Paris: Librairie Félix Alcan. 1912. Pp. 801; illustrated. 20 fr.)

Professor Jean Brunhes of the University of Fribourg and of the Collège Libre des Sciences Sociales at Paris, has long been known as the author of a classic work on irrigation in Spain and North Africa, considered in its geographic, economic, and social relations. To this he has added the first general treatise on anthropo-geography in French, and one of the best in any language.

There are, of course, numerous points of contact with the pioneer work of Ratzel; but in the main Professor Brunhes is original, not only as to the facts cited, but even more strikingly as to classification and method. In great part, indeed, the present work is the fruit of extended travels, prolonged original observations and numerous monographic studies. Even the illustrations are nearly all from pictures taken by the author himself. As M. Brunhes himself expresses it, he is never quite at ease except when discussing what he has seen with his own eyes. He is, indeed, a logician and methodologist even more than a geographer, and his positive method, his rigorous and exacting logic stand in striking contrast to the speculations, often stimulat-

ing but always vague, which have frequently passed for anthropogeography.

By reason of this positive method ("Tout mon livre est une réaction contre la phraséologie métaphysique, mystique ou politique") the author practically excludes the consideration of institutions as essential facts of human geography, limiting himself to the material works of man in their relation to the physical environment, especially such as make a change in the face of nature. These are treated according to the systematic, rather than the regional plan. There are three main heads, each having two subdivisions: I. Unproductive occupation of the soil for (1) houses, (2) roads; II. Productive uses of vegetable and animal kingdoms through (1) cultivation of plants, (2) animal husbandry; III. Destructive exploitation of natural resources including (1) plants and animals, (2) minerals. This last division, it will be noted, brings sharply to view the question and the necessity of conservation of natural resources.

Chapters 8-10 constitute a sort of appendix to the three divisions which treat what the author considers "the essential facts of human geography." These chapters consider, all too briefly, the relations of human geography to ethnography, and to historical, social, political, and economic geography. In general, M. Brunhes is disposed to exclude facts pertaining to race, language, and everything distinctively of human origin, from the domain of geography—even of human geography.

At the present stage of scientific development, the positive method and relatively narrow scope of the work have their advantages. There has been in various quarters far too much theorizing and too few facts. On the other hand, this narrow conception of human geography is likely to prove transitional, since it would in effect limit the subject to economic facts; and would admit these only in so far as they are demonstrably the results of environmental controls.

EDWARD VAN DYKE ROBINSON.

University of Minnesota.

NEW BOOKS

ANDREWS, C. M. *The colonial period.* Home university library of modern knowledge, 47. (New York: Holt. 1912. Pp. vii, 256. 50c.)

To be reviewed.

ANDREWS, C. M. *Guide to the materials for American history to 1783 in the Public Record Office of Great Britain*. Vol. I. *The State Papers*. (Washington: Carnegie Institution. 1912. Pp. xi, 346.)

After a considerable delay, occasioned by a reclassification by the government of the manuscript material on which the editor was working, the second volume of the *Carnegie Guide*, covering the State Papers, has appeared. To students of the old colonial system of England, both in its political and in its economic aspects, a way is now opened to the effective use of the most important original material of the period. Professor Andrews offers his work merely as a guide, not as a calendar, but he has been generous in editorial description and appreciation (this or that set of papers is "important," "valuable," "interesting," from some point of view which he specifies); he has provided the volume with an index including many subject entries under economic heads; and he has written introductions which, for the first time, describe clearly the English administrative organization, and enable the student to choose his path with some confidence.

An entry on page 125 illustrates both the formalism still prevailing in the care of the English public records, and the service of the editor in guiding students past it. Three items are listed there which are noted as not being open to public inspection; but the editor gives an account of each, and advises the investigator who desires to examine them in detail to consult duplicates listed among the *Additional Manuscripts* of the British Museum.

CLIVE DAY.

AUFMWASSER, H. *Sozialstatistische Studien zur Geschichte von Wesel im 14. und 15. Jahrhundert*. (Münster: Universitäts-Buchh. F. Copenpenrath. 1912. Pp. vii, 81. 1.50 m.)

d'AVENEL, G. *Histoire économique de la propriété, des salaires, des denrées et de tous les prix en général, depuis l'an 1200 jusqu'à l'an 1800*. Vol. VI. *L'évolution des dépenses privées*. (Paris: E. Leroux. 1913. Pp. 700, illus. 20 fr.)

BARKER, J. E. *Modern Germany. Her political and economic problems, her foreign and domestic policy, her ambitions, and the causes of her successes and of her failures*. Fourth edition. (London: Smith Elder & Co. 1912. Pp. viii, 764. 10s. 6d.)

Essentially a new book.

BEARD, C. A. *The economic history of the United States*. Vol. I. *The economic interpretation of the Constitution*. (New York: Macmillan. 1913.)

BIROT, J. *Statistique annuelle de géographie humaine comparée*. (Paris: Hachette. 1912. Pp. 32.)

BOISSONNADE, P. *Histoire des premiers essais de relations économiques directes entre la France et l'état prussien pendant le règne de*

- Louis XIV (1643-1715)*. (Paris: H. Champion. 1913. Pp. vii, 484. 12 fr.)
- CANNAN, E. *The economic outlook*. (London: Unwin. 1913. Pp. 312. 5s.)
- DAVENPORT, F. G. *The economic development of a Norfolk Manor (1086-1565)*. (Chicago: Chicago University Press. 1912. \$10.)
- ESAREY, L. *Internal improvements in early Indiana*. (Indianapolis: Indiana Historical Society. 1912. Pp. 158. 25c.)
- FISCHEL, M. M. *Le thaler de Marie-Thérèse. Etude de sociologie et d'histoire économique*. (Paris: Giard et Brière. 1913. 4.50 fr.)
- FOSSEYEU, M. *L'Hôtel-Dieu de Paris, au dix-septième et au dix-huitième siècle*. (Paris: Publication de l'Administration de l'Assistance Publique à Paris. 1913. Pp. 478. 10 fr.)
Its management, budget, equipment, and office before the Revolution.
- GREENO, F. L., editor. *Obed Hussey, who, of all inventors, made bread cheap; being a true record of his life and struggles to introduce his greatest invention, the reaper*. (Rochester, N. Y.: The Rochester Herald Pub. Co. 1912. Pp. 228.)
- HAYES, G. *British social politics*. (Boston: Ginn. 1913. Pp. 580. \$1.75.)
- LAFFITTE, L. *L'essor économique de la Lorraine. Rapport général sur l'Exposition internationale de l'Est de la France, Nancy, 1909*. (Paris: Berger-Levrault. 1913. Pp. 1077, illus. 40 fr.)
- LEAF, W. *The economic interpretation of Homer, Troy: a study in Homeric geography*. (London: Macmillan. 1912. 12s.)
- LEMONON, E. *L'Italie économique et sociale (1861-1912)*. (Paris: Alcan. 1913. Pp. 384. 7 fr.)
- MALLET, M. *La politique financière des Jacobins*. (Paris: Rousseau. 1913. Pp. 450. 10 fr.)
- MORGAN, B. H., editor. *The business man's trade and industrial map of the world*. (London: W. & A. K. Johnston, Ltd., 6 Paternoster Bldgs. 1912. Size 60 x 43½ inches. Prices: cloth, rollers, and varnished, £1. 1s; cloth and spring roller, £2. 10s.)
- POHLE, L. *Die Entwicklung des deutschen Wirtschaftslebens im 19. Jahrhundert*. Aus Natur und Geisteswelt, 57. (Leipzig: B. G. Teubner. 1912. 1 m.)
A picture of the changes wrought in the character of German economic life during the transition from the agricultural to the industrial period.
- RENARD, G. *L'histoire du travail à Florence*. (Paris: Nilsson. 1913. 6 fr.)
- SABY, R. S. *Railroad legislation in Minnesota, 1849-1875*. (Saint

Paul: The Minnesota Historical Society, Vol. XV. 1912. Pp. iv, 188.)

A careful and adequate account of railroad legislation in Minnesota from the time it was organized as a territory until the repeal of the Granger laws in 1875. Describes the attempt of the legislature, first to secure the building of railroads by means of state bonds and land grants, and later to control the corporations they had called into being. The territorial charters are analyzed, the repudiation and final adjustment of the state railroad bonds, and the land grants, are briefly described, but almost two thirds of the volume is devoted to the Granger movement and resulting legislation. The study is based upon original sources, and is to be commended as a creditable piece of research.

E. L. B.

SALZ, A. *Geschichte der böhmischen Industrie in der Neuzeit.* (Munich: Duncker und Humblot. 1913. Pp. viii, 628. 16 m.)

SCHWARZE, H. *Die wirtschaftlichen Verhältnisse im Sultanat Zanzibar vor und nach der Errichtung der englischen Herrschaft.* (Berlin. Arthur Tetzlaff. 1912. Pp. 112. 2 m.)

WALLE, P. *L'Argentine telle qu'elle est.* (Paris E. Guilmoto. 1913.)

————— *A struggle for bread.* By "A Rifleman." (New York: John Lane Co. 1913.)

A reply to Norman Angell's *The Great Illusion.*

————— *Royal Commission on the Natural Resources, Trade, and Legislation of Certain Portions of His Majesty's Dominions. Evidence taken in London, October and November, 1912, with appendices and index. Part I. Migration.* (London: King. 1913. 2s. 9d.)

Beiträge zur Geschichte der Industrie Rigas. (Riga: N. Kymmel. 1912. Pp. 98, maps. 1.20 m.)

Agriculture, Mining, Forestry, and Fisheries

Die Fleischversorgung des Deutschen Reiches. Eine Untersuchung der Ursachen und Wirkungen der Fleischteuerung und der Mittel zur Abhilfe. By DR. JOSEPH BERGFRIED ESSLEN. (Stuttgart: Ferdinand Enke. 1912. Pp. xiv, 289. 7 m.)

Professor Esslen discusses minutely all phases of the meat supply in Germany. The prices of meats have shown a rising tendency in recent years; the causes of this are first, an increase in the demand, and second, the failure of the meat production to keep pace with this larger demand. The demand has increased because of the growth of the meat-consuming population and because of the greater consuming power of the individual, due to the higher incomes of wage-earners. The average consumption of meat by German workmen, in the opinion of the author, is far too low,

in view of the nature of the employment of the majority of them; not only is consumption too low, but also they are forced to pay higher prices for meat than are the workmen of Belgium, France, Great Britain, and other countries. According to the author, the protective tariff on meats and grains, and the prohibitory character of the meat inspection regulations, have driven up meat prices in recent years to a point where the resulting distress of the population calls for an immediate relief. This relief must come from a gradual removal of the import duties on meat and fodder, and a reasonable relaxation of the meat inspection regulations. The author also finds that the present organization of the meat trade is wasteful and inefficient, and as a partial aid in relieving the present situation, he urges the establishment of municipal slaughter-houses and markets.

The treatment of the subject shows the author's intimate knowledge of all its phases; the volume is practically a cyclopedia on the question of the meat supply of the world, with special reference to Germany.

II. J. HARRIS.

NEW BOOKS

- ALLEN, R. C. *Mineral resources of Michigan, with statistical tables of production and value of mineral products for 1910 and prior years.* (Lansing, Mich.: Mich. Geolog. and Biolog. Survey. 1913. Pp. 65. \$1.16.)
- AUGE-LARIBE. *L'évolution de la France agricole.* (Paris: Colin. 1912. Pp. xvii, 304. 3.50 fr.)
- COOPER, W. E. *England's fatal land policy.* (London: C. A. Pearson. 1913. Pp. 320. 2s. 6d.)
- DAVID, E. *Die Kupferhüttenindustrie.* (Stuttgart: J. G. Cotta. 1913. 4.50 m.)
- DECKER-DAVID, P. *L'agriculture indigène en Tunisie.* (Paris: J. B. Baillière et Fils. 1913. Pp. 777. 12 fr.)
- DEMUTH, J. *Der Diamantenmarkt mit besonderer Berücksichtigung der deutschsüdwestafrikanischen Ausbeute.* (Karlsruhe: G. Braun. 1913. Pp. viii, 132. 3.20 m.)
- FANNING, C. E. *Selected articles on the conservation of natural resources.* (Minneapolis: H. W. Wilson Co. 1913. Pp. xv, 153. \$1.)
Contains briefs on federal and state control respectively; a bibliography of four pages, including a half page for speeches in the *Congressional Record*. Some thirty-five different extracts adequately present different phases of the subject.
- GALL, C. C. *Rhodesian mines.* (London: African and Rhodesian Mining and Publication Syndicate. 1912. 21s.)

- GIORODIE, A. *Les mines d'argent en Lorraine au xvi^e siècle*. (Nancy: Revue Lorraine. 1913. Illus. 20 fr.)
- GREEN, F. E. *The tyranny of the countryside*. (London: Unwin. 1913. 5s.)
- KOEFOED, A. *Die gegenwärtige russische Agrargesetzgebung und ihre Durchführung in der Praxis*. (St. Petersburg: V. Kirschbaum. 1912.)
- ROSCHER, W. *Nationalökonomik des Ackerbaues und der verwandten Urproduktionen*. (Stuttgart: J. G. Cotta. 1912. 14 m.)
- ROUX and FOUTENUILLE. *La crise rurale. Rôle social du propriétaire rural*. (Paris; Laveur. 1913. 3.50 fr.)
- SCHMIDT, G. *Lohnformen und Arbeitsverhältnisse in der Landwirtschaft. Ein Beitrag zur Beurteilung der Lage der deutschen Landarbeiterschaft*. (Berlin: Vorwärts. 1913. Pp. 90. 2 m.)
- WALTER, H. *Geschichte der deutschen Landwirtschaft*. (Bautzen: E. Hübner. 1912. 1 m.)
- WILLIAMSON, W. *The small land-holder's handbook*. (London: W. Hodge. 1913. 2s.)
- ZINO, N. *Latifondo e latifondismo: studio di economia rurale*. (Palermo: Fiorenza. 1912. 5 l.)
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- *Cotton facts*. (New York: Shepperson Pub. Co. 1913. Pp. 158. \$1.)

Manufacturing Industries

The Cotton Manufacturing Industry of the United States. By MELVIN THOMAS COPELAND. Awarded the David A. Wells prize for the year 1911-1912. Harvard Economic Studies, VIII. (Cambridge: Harvard University. 1913. Pp. xii, 455. \$2.00.)

Dr. Copeland has produced the most thorough, comprehensive, and consequently the most useful treatise in existence, upon his chosen subject. It is, as such a monograph should be, the product of wide reading, personal investigation, and patient study of the technical side of the industry under consideration. It is eminently fair in its statements, and generally sound in its conclusions. In scope it covers the whole subject, from the raw cotton market to the finished goods and the distribution of them by sale for domestic consumption or for export to other countries. It is unnecessary to catalogue the several points taken up; it is sufficient to say that nothing even of secondary importance, is omitted. Such a book should be at the hand of every cotton mill treasurer.

Dr. Copeland is evidently not a believer in a protective tariff. In discussing the successive changes in the rates and in allusions here and there in the text, he makes it very clear that he does not think the industry owes much to the duties on imports. There is, as every one knows, the widest possible difference of opinion on that point. No doubt the author, competing for the David A. Wells prize, is fully authorized to present and enforce his views; but as practically all those who will find this book useful in their business are decidedly on the other side of the controversy, it may fairly be doubted whether it was judicious to include this, the only discussion of any controverted point, in the monograph as published.

The most important problem that confronts the cotton manufacturing interest at the present time, is that of the export business, on which Dr. Copeland has much of value to say. That it is possible for American goods of the coarse and even of the medium grades to find a market abroad, is placed beyond doubt by the fact that some of them do find such markets. It is within the knowledge of the reviewer that in February last a sale of \$10,000 worth of Fall River print cloths was made by one of the mills to be shipped to Canada. Inasmuch as the duty on that consignment (25 per cent ad valorem) made the goods cost the importer a thousand dollars more than they would have been taxed under the preferential tariff (15 per cent) if imported from Manchester, it follows that the selling price of the American goods was lower than the British asking price. Dr. Copeland specifies certain obstacles to the development of the export trade, and specifies them accurately. He omits one, which may be even the greatest obstacle, namely, the vicious system of "selling agents," which is far inferior to the English system. Undoubtedly there is no opportunity to institute in this country any such agency as the Manchester Exchange, but we have nothing to take its place. The mills place themselves in the hands of the selling agents, and those agents have no inducements to seek new outlets for the goods. At all events they do not seek such outlets. They may be ever so enterprising in disposing of merchandise to their old customers, but no one would expect them to take measures to reach out after trade with Mexico or even with our neighbor, Canada.

There are one or two trading houses in New York which act as go-betweens between the selling houses and the importers of China and some other countries, but that is the end of activities within

the country to push American cotton goods abroad. Since the system of selling agents is firmly established, and unlikely to be abolished or changed, what is needed is a corps of merchants who inquire into the needs of foreign markets, and undertake to supply them. The decline of our formerly moderate exports of cotton goods to Mexico is nothing less than a business scandal, for the value of that trade dropped from \$264,728 in 1901 to \$241,943 in 1911.

If there is any unsatisfactory chapter in Dr. Copeland's work it is that on Dividends and Prices. He has made one more attempt—for many writers have undertaken the task before him—to arrive at an average rate of the profitableness of the cotton factories. The great trouble in ascertaining that fact is that the system of averages is not conclusive, nor indeed is it applicable, unless the whole of the statistics is available, as in this case it undoubtedly is not. Few of those who undertake the work seem to be aware that owing to the great fluctuations in the market for raw cotton, fluctuations that are due to speculation for the most part by men who never really buy and never really sell a bale of cotton, the question whether a mill is to be profitable in any given year depends to a large extent upon the accuracy or inaccuracy of the treasurer in his guess as to the future of the cotton market. But Dr. Copeland need not take it greatly to heart that he has not presented a convincing statement, when so many of his predecessors have also failed.

EDWARD STANWOOD.

Eisen und Alteisen in ihren technischen und wirtschaftlichen Beziehungen. By OSWALD GELLERT. (Leipzig: Duncker und Humblot. 1912. Pp. 78. 2.50 m.)

This pamphlet is a noteworthy study of the technical and economic significance of the large and increasing consumption of iron and steel in its relation to the use of old or scrap material. Iron and steel, unlike coal for example, belong to that class of economic goods whose consumption involves wear but not destruction. Scrap iron becomes a stock for the working over into new material. It is becoming an important factor in the determination of iron and steel prices, and its capability of competing with iron, newly derived from ore, increases with the resort of ores of diminishing iron content.

The writer treats his subject carefully and comprehensively,

and supports his main contentions with statistical data. The significance of the Siemens-Martin process of steel manufacture for the increasing use of scrap material is discussed. The capital necessary to this process is shown to be relatively small—a matter of some importance in connection with the growth of trusts and cartels. Some interesting observations are made regarding the significance of the use of scrap in countries consuming large quantities of iron and steel but having limited ore and coal deposits. Such countries have a large stock of scrap, and this material will in the future help to give them greater economic independence.

ABRAHAM BERGLUND.

Washington, D. C.

NEW BOOKS

VON ALTROCK, W. *Beiträge zur Statistik der Milchwirtschaft der Industrie der Speisefettfabrikation.* (Berlin: Verlag des Deutschen Milchwirtschaftlichen Vereins. 1912. Pp. iv, 172. 3.75 m.)

KNAGGS, H. V. *The truth about sugar.* (London: C. W. Daniel. 1913. 1s.)

MACFARLANE, J. J. *Manufacturing in Philadelphia, 1683-1912.* (Philadelphia: Commercial Museum. 1912. Pp. 101, illus. 50c.)

MORPURGO, G. *L'importanza economica della sintesi chimica.* (Triest: La Scuola di Fondazione Revoltella. 1912.)

Deals in an elementary and interesting fashion with the history of chemical synthesis and the nature, variety, and economic importance of synthetic products. The recent annual production of artificial indigo in Germany is given as equivalent to what could be produced on 150,000 acres of land.

WALTON, P. *The story of textiles; a bird's-eye view of the history, of the beginning and the growth of the industry by which mankind is clothed.* (Boston: John S. Lawrence. 1912. Pp. 274, illus.)

WOOD, T. B. *The story of a loaf of bread.* Cambridge manuals of science and literature. (New York: Putnam. 1913.)

An encyclopaedia of industrialism. (London: Nelson. 1913. Pp. 543. 1s.)

Transportation and Communication

Freight Classification. A Study of Underlying Principles. By J. F. STROMBECK. Hart Schaffner & Marx Prize Essays, XII. (Boston: Houghton Mifflin Company. 1912. Pp. 131. \$1.00.)

Mr. Strombeck has written a lucid, interesting and instructive book, which will be valuable as a text in railroad courses in the

universities. He tells with technical knowledge and accuracy, but in simple, non-technical language, the way railway freight classifications are made and the factors that determine the classes into which commodities are put. He illustrates and supports his points with full references to the practice of railways, to statements made and testimony given by railway officers, to opinions of the Interstate Commerce Commission, and to decisions of the courts. He apparently accords reasonable weight to cost of service and value of service as factors in classification and to the various elements entering into them.

The most original part of his work is his discussion of the "indirect" or "constant" and the "direct" or "variable" costs of transportation, and the conclusions that he reaches as to the way classifications and rates should be adjusted with reference to these costs. He argues that, while the direct costs of hauling commodities increase with the increase in the dead weight that must be hauled in connection with their transportation, the indirect costs do not so increase. He, therefore, concludes that the part of the rate covering indirect costs should not vary with the amount of dead weight that has to be hauled. Besides the weight of the car, he includes in dead-weight dunnage, ice and preservatives in refrigerator cars, and carriers such as barrels and other containers.

I do not think it is true that the indirect costs are not affected by the amount of dead weight carried. Let us take the best example, the weight of the car itself. The main reason why the capacity of freight cars has been increased is that more freight can be carried in a large car in proportion to its weight. (1) The investment in cars required to handle a given amount of freight in large carloads is less than the investment required to handle it in small carloads. (2) The more tons there are loaded per car, the more tons there are hauled in a train containing a given number of cars; the more tons there are hauled per train, the fewer trains it is necessary to run to handle a given ton mileage; and the fewer trains it is necessary to run, the less engines it is necessary to invest in. (3) The fewer trains it is necessary to run to handle a given ton mileage, the less tracks it is necessary to provide, and the less investment it is necessary to make in tracks. Of course, the less investment it is necessary to make in equipment and tracks, the less fixed charges are. It follows that the indirect costs per ton mile, as well as the

direct costs, are reduced when the average capacity of cars and the average carload are increased; and vice versa. As the hauling of dead weight does increase the indirect as well as the direct costs, it follows that, contrary to Mr. Strombeck's theory, the part of the rate covering the indirect costs also should increase with the dead weight. I prefer the terms "divisible" and "indivisible" to the terms "direct" and "indirect" or "variable" and "constant." It does not follow because a large part of the total costs are mathematically indivisible that they are also constant for each unit of traffic. In spite of Mr. Strombeck's argument to the contrary I believe that the gross tonnage it is necessary to haul to move a given tonnage of freight is the best unit available on which to compute the total cost of moving the freight.

SAMUEL O. DUNN.

Railway Age Gazette.

How to Analyze Railroad Reports. By JOHN MOODY. (New York: Analyses Publishing Company, 1912. Pp. 224. \$2.50.)

The only way to acquire a real knowledge of how to analyze annual reports of railroad companies is to read the reports themselves. These reports are written in a certain language and it is as impossible to learn to read and make an analysis of a railroad report by only studying a textbook on the subject, as it is to learn to read German by only studying a German grammar. Mr. Moody's little book must be considered, therefore, as a popular and quite simply written help in learning the language of railroad annual reports. After outlining briefly the problems that are met in making an investment in railroad securities, based on personal investigation of the subject, Mr. Moody describes first the physical factors of the railroad; second, the income factors; and third, the capitalization factors. Room is given for only a very superficial discussion of a great many of the points that are to be considered in making an analysis of a road's earning power and of its securities as safe or profitable investments.

There is a great deal contained in this little book that the general public who, without hesitation discuss railroad problems, have not even the faintest idea of. On the other hand, there is nothing in the book that one who has made any study of railroad securities as investments does not already know. The

classic on the subject of analysis of railroad reports is a little book, published a number of years ago, by Thomas F. Woodlock, *The Anatomy of a Railroad Report*. While, as Mr. Moody points out, accounting methods have changed materially since this was published, the underlying principles of the analysis of railroad earning power have changed very little indeed. Mr. Moody's book is probably easier to read and understand than its predecessor, and it has this advantage, that it was written after the Interstate Commerce Commission had promulgated its uniform system of accounting for railroads doing an interstate business. As a popular and easy exposition of the meaning of an annual report, Mr. Moody's book fills a quite important want. As a serious contribution, however, to literature on the subject of railroad statistics, it cannot properly be compared with the older book on the same subject.

W. E. HOOPER.

Railway Age Gazette.

NEW BOOKS

BLACK, M. *A terminal market system, New York's most urgent need; some observations, comments, and comparisons of European markets.* (New York: The Willet Press. 1912. Pp. 31, illus. 25c.)

DUNN, S. O. *Some often overlooked points regarding government ownership of railways.* (Chicago: S. O. Dunn, Railway Age Gazette. 1912. Pp. 25.)

Address delivered before the Traffic Club of New England at Boston, Dec. 6, 1912.

ELFAS, F. *Die ausnahmetarife im Güterverkehr der preussisch-hessischen Eisenbahngemeinschaft. Ein Beitrag zur gegenwärtigen Eisenbahntarifpolitik.* Tübinger Staatswissenschaftliche Abhandlungen, 26. (Stuttgart: Ferdinand Enke. 1913. Pp. xiv, 151. 6.20 m.)

FRITSCH, K. *Handbuch der Eisenbahngesetzgebung in Preussen und dem Deutschen Reiche.* Second edition, revised. (Berlin: Julius Springer. 1912. 19 m.)

HERSCHEL, F. B. *Entwicklung und Bedeutung der Hamburg-Amerika-Linie.* (Berlin: A Seydel. 1912. Pp. vii, 143. 2 m.)

MARCUS, F. *Etat und Bilanz für staatliche und kommunale Wirtschaftsbetriebe.* (Berlin: Springer. 1912. 1.60 m.)

PIOT, G. *De l'application des prix des tarifs de chemins de fer.* (Paris: A. Rousseau. 1913. Pp. 328. 6 fr.)

VAN SOEREN, J. C. and PRINSEN, A. J. B. *The world's shipping financially, 1907-1911.* (Amsterdam: Van Soeren & Co. 1912.)

WEHRMANN, L. *Die Verwaltung der Eisenbahnen. Die Verwaltungstätigkeit der preussischen Staatsbahn in der Gesetzgebung, der Aufsicht und dem Betriebe unter Vergleich mit anderen Eisenbahnen.* (Berlin: Springer. 1913. Pp. viii, 346. 7 m.)

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Trade, Commerce, and Commercial Crises

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A report presented by the Commission des Crises Economiques covering the years 1908-1911.

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PLUMBE, G. E. *Chicago; the great industrial and commercial center of the Mississippi valley.* (Chicago: Civic-Industrial Committee of the Chicago Association of Commerce. 1912. Pp. 144, illus.)

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Accounting, Business Methods, Investments, and the Exchanges

Valuation of Public Service Corporations: Legal and Economic Phases of Valuation for Rate Making and Public Purchase.

By ROBERT H. WHITTEN. (New York: The Banks Law Publishing Company. 1912. Pp. 800. \$5.50.)

Dr. Whitten's extended experience and study has produced

a book which cannot be passed over by any one who is endeavoring to keep abreast of the best thought in regard to the valuation of the property of public service corporations. This is true whether the subject is considered from a legal view of the "fair value" referred to by the courts, or from the analogous and related viewpoint of abstract ethics.

There are thirty-two chapters, largely consisting of analyses of decisions in leading cases decided by courts or commissions. The numerous men who have interested themselves in this country in the important effort to bring about fair dealing as between public service companies and the public, one with the other, and who, therefore, have given attention to the valuation of the properties of the companies as a part of that main problem, will recognize in each chapter heading the statement of an element around which controversy has centered and in regard to which the conclusions of right-minded men of honest purpose are at difference with each other. Indeed, the treatment of the several subdivisions of the subject in the book itself emphasizes some of the divergences of opinion which exist. For instance, turning to chapter 2, headed Fair Value for Rate Purposes, and divided into twenty sections dealing with various decisions of courts and commissions in respect to fair value, we find an entry of Justice Brewer's opinion in the Union Pacific Railway case in which he held that there is no hard and fast rule of determining fair value: and this is followed by references to the San Diego Land case and other cases where it was held that present value, not the cost, is the true basis of value for rate making; the Kansas City Stock Yards case and the Consolidated Gas case where it was held that appreciation of property should be considered; the Cedar Rapids Gas case and the Oklahoma Telephone case in which reproduction cost less depreciation is emphasized; and the Cumberland Telephone case in which it is held that the construction cost is not controlling. The much quoted Supreme Court case of *Smythe v. Ames* finds a place in this chapter.

Similar variety of views is set forth in parts of the discussion of market value in the next chapter; and likewise through other important chapters one finds quotations from case after case decided by courts or commissions, with conclusions showing much variety of sentiment and in some instances of contradictory nature. This situation exists although all of the courts and commissions are confessedly endeavoring to reach

a correct decision in law and a fair decision in equity as between the parties in respect to valuations and reasonable returns.

Not the least valuable part of Dr. Whitten's book lies in his own summaries at the ends of the various chapters, although many fair-minded people may dissent from the conclusions set up by the author. For instance, in the chapter relating to property donated to public service corporations (ch. 8), Dr. Whitten makes the following statement:

Now unless there is some good reason to the contrary, a rule in regard to donations should work both ways. That is, the rule adopted should be applicable alike both to donations by the company and to donations by the public. If the reconstruction of a street or the building of expensive street approaches is a necessary part of the expense of constructing the railroad, it is only fair and just that the company should be allowed to earn a fair return on such investment regardless of the fact that the title to such property is not vested in the company but in the city. Similarly, if the government has given this same company the land for its right of way, the actual property in which the company has invested its capital and not that part to which it has title but which has been donated by the government should be considered in determining reasonable rates.

I presume Dr. Whitten will admit the very large difficulty to be met in trying (as he proposes) to segregate these different kinds of property, namely, that which has been paid for by the investors but the title to which is not within the company, and that which has not been paid for by the investors but the title to which is within the company. Until improved accounting methods have been in use for many more years, such separations will commonly be impracticable except as a matter of estimate, and the exact application of any such rule as Dr. Whitten here lays down cannot be relied upon, even if the ideals of equity set forth are accepted.

The same paragraph of Dr. Whitten's statement continues as follows:

The determination of a reasonable rate is an equitable process and equity will demand that certain property to which the company has no title should be included and certain other property to which the company has title should be excluded. It is the actual investment or sacrifice on the part of the company that is entitled to consideration regardless of mere title or possession. This at least should be the general rule. There may be cases where donations made by the public cannot be separated from the other property or where they were made so long ago that rights or equities have been developed in

ignorance of their existence or significance and which it would not now be public policy to seriously disturb.

Of course, one of the difficulties in viewing the thing as simply as Dr. Whitten would indicate that it may be viewed, lies in the fact that the donations are often made with the avowed purpose of encouraging the enterprise and therefore are in the nature of compensation to the promoters and early supporters of the project. I use the word "promoters" here in its legitimate sense of men of enterprise who conceive, organize, and bring to a consummation some project which is of ultimate value to the community. Not infrequently the immediate commercial results of such projects may be shrouded in doubt, but the public may be clamorous for the consummation and willing to pay some extra compensation in the way of encouragement or guarantee. Indeed, such perhaps may have been the situation in the Central Georgia Railway case which Dr. Whitten frankly quotes as a footnote to his own statement although the finding of the master therein was adverse to his view.

One of the most interesting series of chapters in the book comprises chs. 21-25, occupying 132 pages and relating to "going concern" values. Dr. Whitten avoids the error of many writers who confuse good-will with going concern value, and he admits that there is a separate and real value to investors which lies in a going concern, due in his opinion, as I read his book, to the fact that the plant is connected with and working profitably in relation to the business for which it was designed—that is, because the plant is connected with its business and is successfully operating. Dr. Whitten says (p. 559):

Unquestionably a plant having an established and paying business is worth more to an investor than a similar new plant that has as yet no business and whose future as a paying proposition is as yet uncertain.

The additional value of the going concern may be said by some to be of a sentimental nature, but whether sentimental or not, it is nevertheless real.

Dr. Whitten recognizes the going concern value as an element of fair value and admits its applicability to valuations for purchase. He denies its applicability for rate-making purposes, but seems to suggest that a higher rate of return should be allowed investors on account of going concern value of their property if this is not included within the valuation for the rate making.

Such a theory, however popular, leads to a logical blind alley since the same valuation for the purpose of purchase ought to apply whether the purchase is to be made by a private company or a public corporation such as a municipality, and if the purchase is made by a private company, why should not the purchaser have the same rate of return on his investment as the seller was enjoying? The rate of return is established in view, amongst other things, of the existing risks and the past compensation to the owners. The conditions of today are carried over into the hands of the new owners, including all the risks that now exist. Dr. Whitten's reply to this objection which may be raised against his expressed view, apparently is that the new owners should have the same total income to apply for the compensation of the investors as the selling company had, but since the purchasing company did not go through the inconveniences, risks, and annoyances of building up the going concern they do not need as high a rate of return on their capital. Such argument, however, seems specious, when it is remembered that the same argument may be directed to the state of individual stockholders who come into the company by purchase of stock from original holders, just as logically as it may be directed toward a complete change of shareholders all at once, and, if the author's considerations are carried to their logical limits, it is impossible to make the distinctions which are suggested. When worked out to the logical limits, it seems obvious that going concern value, if allowed at all, ought to be allowed in valuations for rate purposes as in valuations for purchase. There apparently can be no fair denial that a real value exists that may be denominated under the term "going value." The problem seems to lie in determining its magnitude in any particular case.

Many other interesting features of Dr. Whitten's book could be mentioned, but the space of a review does not afford opportunity. The foregoing illustrate some of the divergences of opinion which exist on certain of the important details of the great problem of the relations between the public and the public service corporations. Rules of more or less definite character may ultimately be worked out for the attainment of equity, but this is not advanced by accusing as dishonest the more judicial minded who are endeavoring to arrive at the facts in these difficult problems. The habit of calling names is too often the unfortunate habit of the advocates of both the public and the cor-

porations. From this fault Dr. Whitten's book is happily free, and, while expressing his own convictions strongly, he still recognizes the honesty of purpose of men of other views and sets forth their arguments with palpable fairness and toleration.

DUGALD C. JACKSON.

Massachusetts Institute of Technology.

Auditing: Theory and Practice. By ROBERT H. MONTGOMERY.
(New York: The Ronald Press Company. 1912. Pp. xxix, 673.)

For many years the standard handbook on auditing was Lawrence R. Dicksee's *Auditing*; this and Pixley's work of the same name constituted the major portion of the literature on this subject outside of the periodicals. The next step was the bringing out of *Dicksee's Auditing*, an American edition, by Robert H. Montgomery, the author of the book under review. He omitted many parts which applied particularly to British conditions and rewrote other parts to bring them into harmony with American experience and ideas; and this revision has served the accounting public fairly well for seven years. But the American idea of what constitutes the scope of an audit and American practice have been so different from that of our British cousins that there has been felt the need of a book on auditing written entirely from the American viewpoint. The author attempts such a book in the present volume.

There are thirty-five chapters. The first six dispose of such general preliminary subjects as the purpose of the book, the purposes and advantages of an audit, the auditor's qualifications and duties, the ethics of the profession, and "how to begin an audit." The body of the volume, twenty-three chapters, divides itself into three parts: namely, the general procedure in an audit; special points which pertain to the audit of various types of business; and special investigations for particular purposes. Six chapters on the accounts of holding companies, interest, the liabilities of auditors, the liabilities of directors, the corporation tax law, the partnership tax act, and certified public accountant laws and examinations bring the work to a close.

A noteworthy feature is the author's conception of the purposes and scope of an audit. If we consider the whole field of accounting we shall find that it is divisible into four parts:

(1) Constructive accounting, in which the accountant constructs a system of accounts for a particular business, defining

each account, and also devises a system of books in which to compile these accounts and a system of vouchers and reports with which to gather the data to be compiled;

(2) Bookkeeping, in which the system of vouchers and reports, system of books, and system of accounts provided by the constructive accountant are put to actual use in recording business transactions and business operations as they may occur;

(3) Inspective accounting, which consists of a review of the work done by the bookkeepers to detect and correct errors, and of a verification of the existence of the assets and liabilities alleged in the accounts;

(4) Interpretative accounting, in which the meaning is extracted from the verified accounts.

The last is the most important; all the others exist for it. It involves not only the preparation of balance sheets, showing the capital of the business and of what it consists and throwing light on the question of solvency; and income sheets, showing the operating revenues and expenses and the disposition of the net revenues; but also the preparation of all sorts of statements to explain the economy of operation (or lack of it) and causes.

In Dicksee's book, auditing is almost confined to "inspective accounting" as described above, but taking in just enough of "interpretative accounting" to permit the certification of a *pro forma* balance sheet accompanied by a profit and loss statement. Montgomery, however, relegates the detection of fraud and errors to the list of *minor* purposes of an audit. The relative position of present-day purposes he considers to be as follows (p. 9):

- (1) To ascertain the actual financial condition and earnings of an enterprise for
 - (a) Its proprietors (partners or stockholders);
 - (b) Its executives (managers, officers, or directors);
 - (c) Bankers or investors who are considering the purchase of securities;
 - (d) Bankers who are considering the discounting or purchasing of its promissory notes.
- (2) The detection of fraud or errors.

This emphasis upon "interpretative accounting" is also evident in the author's discussion of general procedure in an audit. He finds that there are two kinds of audits, "detailed audits" and "balance sheet audits." The detailed audit includes, in addition to a verification of the balance sheet and profit and loss statement, a review of the work of the bookkeepers; and is made when a complete examination of the condition and operations

of a business is desired or desirable. It applies particularly to those organizations which do not have a complete system of internal check, and until a few years ago constituted the chief work of the auditor. But the tendency of present-day auditing in the United States is strongly toward the second type, the balance sheet audit, which represents a much more valuable service to the client. This consists of a verification of the assets and liabilities and such an analysis of the profit and loss account as will enable the auditor to certify that it has been properly stated, but in addition, the preparation of many different kinds of statements showing the condition of the business and the economy of its operations. Ten chapters are devoted to a detailed treatment of the methods involved.

The author's treatment of "special points in the different classes of audits," though enriched by being written in the light of his own experience, follows the lines laid down in *Dicksee's Auditing*. In the two chapters devoted to the important subject of investigations, or examinations made for special purposes, the author, while reproducing the material of the earlier work, again rewritten in the light of his own experience, has added two valuable sections, one dealing with investigations for creditors—bankers and commercial creditors—the other with methods of perpetrating frauds in accounts and of investigating them. The chapter on The Liability of Auditors is a digest of the decisions in English cases together with the author's summary of the general principles governing the auditor's liability and a joint opinion of eminent counsel in interpretation of the clauses in the English Companies act of 1907 in so far as they apply to the auditor's duties.

The reviewer has heard expressions of disappointment that the author has not copiously illustrated his discussion by means of numerous concrete examples drawn from his own experience. Probably to have done so would have added much to the educational value of the book (as well as to its bulk), for truths can be much more readily grasped and appreciated when conveyed in concrete illustrations. Notwithstanding this lack, the reviewer considers that *Auditing: Theory and Practice* has not only made several valuable contributions to the written thought on this subject, but that it is the most valuable handbook on auditing published.

THOMAS WARNER MITCHELL.

University of Minnesota.

Handbook of Railroad Expenses. By J. SHIRLEY EATON. (New York: McGraw-Hill Book Company. 1913. Pp. xii, 559. \$3.00.)

This book is intended to supersede a somewhat similar treatise, *Railroad Operations, and How to Know Them*, by the same author, published in 1900. It is meant to appeal not only to railroad officers and financiers, but to economists as well, since "the principles . . . [of railroad accounting] reach to wide economic and social consequences. Whether a given expenditure shall be capitalized or charged to expenses interests the public just as much as the stockholder; whether a depreciation charge shall be written off of asset values periodically or whether depreciation shall be ignored can even make the difference between national prosperity or bankruptcy in the long run."

It is essentially an interpretative analysis of the various railroad accounting classifications promulgated by the Interstate Commerce Commission. The classification of operating expenses is reproduced in full, and the important features are critically discussed. While making clear the fundamental principles underlying the commission's rules, Mr. Eaton elucidates his own theories on disputed points, and calls attention to certain inconsistencies in the original code and in subsequent rulings. The frequent references under specific accounts to these rulings and interpretations of the commission form a valuable feature of the work.

In addition to the operating revenues and operating expenses classifications, the book contains (in slightly abridged form) the rules pertaining to profit and loss accounts, outside operations, additions and betterments, expenditures for road and equipment, the making of the balance sheet, and the compilation of locomotive, car, and train mileage. There is also an exhaustive and well arranged index, covering 150 pages.

The author is at his best in chapter 1, wherein he discusses capital accounts and general principles. His aim is to disclose "the anatomy of the railroad structure and the physiology of its operation in the fundamentally philosophical way," and he has succeeded in the task. The chapter will interest economists more than any other portion of the book. The remainder deals with the technical details, and will appeal more to railroad accountants and statisticians.

It is evident that Mr. Eaton was not aware that the commission has under way a complete revision of the revenue and expense

accounts, and of the form of the annual report, else he would have deferred the publication of his book until the new rules had been decided upon. The tentative classifications, now under consideration by the Association of Railroad Accounting Officers, embody many important changes, particularly with reference to depreciation on roadway and structures and division of expenses between passenger and freight transportation. While it is probable that the commission will not insist upon all of the proposed changes, it is certain that the classifications as finally adopted will make necessary an early revision of Mr. Eaton's handbook.

WM. J. CUNNINGHAM.

Harvard University.

Experiments in Industrial Organization. By EDWARD CADBURY.

With a preface by W. J. ASHLEY. (New York: Longmans, Green and Company. 1912. Pp. xxi, 296.)

This encouraging book deals solely with the ideals and practice of management at the cocoa and chocolate works of Cadbury Brothers, Limited, at Bourneville, England, where over six thousand workpeople are employed. The matters discussed are chiefly what is known as "welfare work," and more especially internal as contrasted with external undertakings of this sort. The firm gives full effect to the doctrine that:

Welfare work must be regarded as something outside the general organization of the factory, but as a vital part of factory organization, and it should be shared by all as far as possible, including directors, heads of departments, foremen and forewomen, and the mass of employees, and should not be left entirely to those who are specially set apart for this work (p. 264).

Among the features of welfare work articulating more or less directly with the necessary work of management are: the selection and education of employees; separation as much as possible of men and women workers; the total abolition of fines and reduction of dismissal to a last resort as means of discipline; short hours, especially for the women workers; the elimination of "short time" and reduction of "overtime"; change of work to mitigate the effect of specialization; the safeguarding and restoration of health by physical training, free medical attendance, to some extent free food, and free maintenance at a "convalescent home"; singing in the girls' departments at times during work; frequent revision of wages based on full records of performance; and a system of promotion based partly on competitive

examinations. Perhaps the most unique features of the management in this aspect are the enlightened methods of dealing with "slow workers," and the encouragement of trade unions. The management regards it as a defect when high wages and superior conditions of employment cause unionism to languish among their employees. Of the external welfare undertakings the most important is the housing scheme, administered non-exclusively as to occupiers and independently of the firm.

There is little in the methods of management that would be called "scientific management" in this country—no "time studies," but slight development of functional foremanship, and no evidence that there is routing and dispatching of the work from a central office. The method of remuneration is rather old-fashioned—a mixed system of time wage and group piece rate, with the piece-price earnings of the group allotted to individuals in proportion to their time wage.

CHARLES W. MIXTER.

University of Vermont.

Depreciation and Wasting Assets and Their Treatment in Assessing Annual Profit and Loss. By P. D. LEAKE. (London: Henry Good and Son. 1912. Pp. xi, 195. 10s. 6d.)

The author is a well-known English accountant. He has written extensively on accounting subjects, especially on depreciation, and his writings have been marked by common sense and clearness of expression. The same characterization should be made of the present volume. It presents a discriminating and clear discussion of a technical and rather slippery subject. It should be read not only by accountants but especially by managers of large business.

The book consists of twelve chapters. In chapters 1 to 4 the author explains the nature of depreciation and to what kind of assets it applies; in 5 and 6 the methods by which annual depreciation may be determined; and in chapter 7 he makes a special application to the industrial plant and shows how detailed records of depreciation may be kept. Through chapters 8 and 9 he shows how depreciation applies to special kinds of assets: natural raw materials (coal and ore deposits) and recurring crops; purchased terminal annuities; purchased terminal concessions, leaseholds, copyrights, patent rights, good-will and trade-marks. The last chapter applies especially to England, urging that deprecia-

tion should be allowed before the income tax is levied upon annual business profits. Finally, there is an appendix with depreciation tables.

The author holds that "capital outlay on wasting assets consists merely of payments made in advance on revenue account" (p. 19), *i.e.*, capital is prepaid expense. To correspond with this view, he considers depreciation "expired capital outlay" (p. 12), the part of original prepaid expense that has been used up. He holds to the straight-line method of calculating depreciation, *i.e.*, applying a fixed annual rate to the original cost value of the assets. This he compares especially with the method of applying a fixed annual rate to the balance of cost value. He prefers the straight-line method because it approximates more closely to the facts of production (*i.e.*, he believes that the plant produces very nearly in equal annual instalments), and because it is simplest in application and most easily understood by managers.

For many concerns the author's method is as good as any, or better. Simplicity for managers is a strong argument! On the point of theory, however, there is little real support for the method; but there is not space to argue the matter. As for ease of application, why should it be harder to apply a given rate to the *balance* than to the *original cost* of an asset value? Moreover, the original-cost basis probably requires more individual calculations and entries for the detailed plant records than does the balance-of-cost basis.

Like most accountants the author holds to a pretty rigid cost theory of value. Thus, he argues, the book values of wasting assets should not be marked up whatever the market price; likewise the amount of annual depreciation should not be affected by any fluctuations in the market value of the assets in question (p. 11). Is not this rather an extreme position? Besides keeping track of cost elements, should not the accounts also show the real standing and real changes in the business? Cost values and real values are certainly not the same thing. Moreover, unless changes in market prices are regarded, not enough or too much depreciation may be allowed. Thus, suppose a given machine cost \$1100, with expected life ten years, and scrap value \$100; then, according to the author, depreciation of \$100 a year must be allowed to replace the machine in ten years. But suppose in five years the market price of such machines has advanced

to \$1500. Then, obviously, the \$100 allowance will not be enough to replace the machine and the real capital of the business will suffer encroachment. Of course, temporary price fluctuations cannot very well be recorded. But, to disregard changes that appear reasonably permanent is not to tell the whole truth about the business.

On matters of accounting theory, the author's contentions on many points may well be disputed. But his plea for systematic provision for depreciation in plant is strongly presented—and his principal object in the book is just that plea.

JOHN BAUER.

Cornell University.

Les Valeurs Françaises depuis Dix Ans. By FRANÇOIS MAURY.
(Paris: Librairie Félix Alcan. 1912. Pp. 168. 4 fr.)

François Maury's study is both a verification and a modification of Henry Lowenfield's and Paul Leroy-Beaulieu's ideas of geographical distribution of investment securities. Maury, however, follows the more purely statistical method of analysis employed by René Lozé on this same subject. All the statistical material in the study is based on a comparison of French companies, which have been widely selected.

The book is divided into three parts. The first part is devoted to a defense of the statistical method in a study of personal property and securities; the second gives the results obtained concerning the assets, liabilities, and dividends during the last six years of railroads, public utilities, and industrials in France; the third, besides giving a synopsis of the balance and income sheets, shows the relation between profits, expenditures, and dividends, and also indicates "the coefficient of guarantee of dividends, assets and obligations." The author also attempts to show, in the course of his study, some of the fundamental difficulties encountered in each company and the consequent effect on the stability of its earning capacity. His rule of procedure in ascertaining the strength of a company is undoubtedly good, but in the examination of certain companies it would be strengthened if his investigation covered a longer period.

Upon the basis of the results that he obtains in the study of these companies, covering a period of six years, he maintains that in the majority of instances, the French capitalist is warranted in placing all his capital in French companies.

Where stability in any industry is not found in a type of security desired, he advocates geographical distribution of capital abroad. He condemns the French capitalist as unpatriotic who attempts to shut out foreign capital in these latter industries in France. To allow foreign capital to enter France is the only way, he asserts, to obtain stability in the financially unstable industries in France. Unquestionably Maury is warranted in speaking with great enthusiasm concerning the French companies, but the reader cannot help feeling a very strong though probably unconscious bias in favor of the French companies.

WALTER LAGERQUIST.

Northwestern University.

NEW BOOKS

- BABSON, R. W. *Selected investments for banks, trustees and private investors.* (Wellesley Hills, Mass.: Babson's Statistical Organization. 1912. Pp. 259. \$3.)
- BISHOP, W. G. *A short course in business training for normal schools, high schools, common schools, teachers, and independent students.* New edition. (Chicago: The University Pub. Co. 1912. Pp. 149. 90c.)
- BLISS, F. H. *Bliss system of bookkeeping and office practice.* (Saginaw, Mich.: F. H. Bliss Pub. Co. 1912. Pp. 154. \$2.)
- CHERINGTON, P. T. *Advertising as a business force; a compilation of experience and records.* (Garden City, N. Y.: Doubleday, Page. 1913. Pp. xv, 569. \$2.)
- CHURCH, A. H. *The proper distribution of expense burden.* (New York: Engg. Mag. Co. 1913. Pp. 144. \$1.)
- CHURCH, F. P. *Modern credit methods.* (Detroit, Mich.: Modern Methods Pub. Co. 1912. Pp. 137. 50c.)
- DAVENPORT, R. A. *The railroad traveling auditor's work and methods, theory and practice.* (San Francisco: H. S. Crocker Co. 1912. Pp. 66. \$1.50.)
- DREYFUS, P. *Les amortissements dans les sociétés anonymes.* (Paris: A. Rousseau. 1913. Pp. 250. 5 fr.)
- FERNLEY, T. A. *Price maintenance.* (Philadelphia: Commerce Pub. Co. 1912. Pp. 311.)
- HOYT, C. W. *Scientific sales management.* (New Haven, Conn.: G. B. Woolson Co. Pp. 204. \$2.)
- JULIOR, L. *La bourse, ses avantages, ses dangers.* (Paris: Dubois & Bauer. 1913. Pp. 55. 1.25 fr.)
- LASELLE, M. A. and WILEY, K. E. *Vocations for girls.* Introduction

- by MEYER BLOOMFIELD. (Boston: Houghton Mifflin. 1913. Pp. x, 139. 85c.)
- LEGG, C. A. *The law of commercial exchanges*. (New York: Baker, Voorhis & Co. 1913. Pp. xxxiv, 381. \$3.50.)
- LIVERSEDGE, A. J. *Commercial engineering; by a general manager*. (New York: Van Nostrand. 1913. Pp. xv, 369. \$3.)
- MEMIN, T. *Des principaux obstacles à la vérification des comptes de bourse et de leurs remèdes*. (Paris: Marchal & Godde. 1912. 4.50 fr.)
- MINER, G. W. *Bookkeeping: banking*. (Boston: Ginn. 1913. Pp. v, 104. 60c.)
- MINER, G. W. *Bookkeeping: intermediate and advanced courses*. (Boston: Ginn. Pp. 3, 218, xxx. \$1.20.)
- MORDEN, R. O., compiler. *Real estate, modern business methods, commercial law, insurance*. New edition. (Minneapolis: Morden Land and Loan Co. 1912. \$20.)
- MOODY, J. *How to invest money wisely*. (New York: J. Moody, 35 Nassau St. 1912. Pp. 177. \$2.)
- NORD, G., editor. *American financial methods; a work of reference for business men, investors, professional men, and students*. (Boston: National Library Society. 1912. Pp. 315. \$3.)
- ROLLINS, M. *Odd rate tables of bond values for computing the prices of bonds and other redeemable securities paying interest semi-annually at any rate, for yields from 2.90 to 6 per cent, and maturing in periods from 6 months to 50 years; together with special tables for $4\frac{1}{2}$ and $5\frac{1}{2}$ per cent rates*. (Boston: Montgomery Rollins. 1912. Pp. 99. \$5.)
- SUMNER, G. L., editor. *How to invest when prices are rising*. (Scranton, Pa.: Securities Review. 1912. Pp. 144. \$1.)

This little volume contains seven essays by Professors Irving Fisher, Kemmerer, Brown, Clark, and Norton, and Messrs. Rollins and Sumner. The purpose is to present to the public in brief and readable form the effects of rising prices on certain classes of investments. There occurs in some degree the inevitable overlapping incident to such collaboration. Reasonable unity is secured. The book is timely. The treatment is sufficiently indicated by a statement of the general conclusions reached. (1) The increased gold supply is the chief cause of the present high price level. (2) The existing or a higher price level is almost certain to continue for some time to come. (3) Investment in stocks and real estate, giving the investor a share in the ownership of an enterprise, is more desirable than investment in bonds, although the latter has its advantages to those able to some extent to foresee crises and the gold output.

D. C. B.

TONELLI, P. A. *La speculazione di borsa*. (Rovigo: Tip. Sociale. 1913. Pp. xii, 236.)

VAN ANTWERP, W. C. *The stock exchange from within*. (New York: Doubleday, Page. 1913. Pp. 459, illus. \$1.50.)

WEINER, A. E. *Das französische Patentwesen*. (Mannheim: J. Bensheimer's Verlag. 1913. Pp. 245. 5 m.)

WOOLF, A. H. *Short history of accountants and accountancy*. (London: Gee & Co. 1913. Pp. xxxi, 254. 7s. 6d.)

To be reviewed.

The American Association of Public Accountants 1912 year-book. (New York: Ronald Press. 1913. Pp. 300. \$1.50.)

Capital and Capitalistic Organization

Railroad Finance. By FREDERICK A. CLEVELAND and FRED WILBUR POWELL. (New York: D. Appleton and Company. 1912. Pp. xv, 462. \$2.50.)

This scholarly volume may be regarded as a continuation of *Railway Promotion and Capitalization in the United States* by the same authors. The earlier book was a financial history of American railway development, while this is a critical description of present-day financial practice. It is difficult to define satisfactorily the proper limits of a book on business finance. Where should the study of financing end and the study of accounting and operating activities begin? No authoritative answer has yet been worked out. So it is not surprising that the authors occasionally wander into by-paths that lead far away from their main subject. There is a chapter, for instance, on Some Financial Aspects of Operation which is concerned wholly with traffic and labor problems, and a chapter on Accounts and Statistics which is devoted to accounting methods. On the other hand some important topics are not adequately treated. Underwriting certainly deserves more than a brief summary. Next to nothing is said about accumulation of surplus, dividend policies, and the management of working capital. In spite of these digressions and omissions, the material as a whole is well organized. The authors take up in the order named, promotion, original capitalization, finances of construction, financing equipment, organization for financial management, protection of the corporate estate, management and distribution of the surplus, insolvency, receivership, reorganization, consolidation, overcapitalization.

Probably the book's chief contribution to theory is to be found

in the treatment of capital and capitalization. Capital is defined as "those assets of the corporation which have been provided and which are intended for continuing, productive use"—a definition which conforms to economic, though not to business, usage. If the definition is to hold water, it must be interpreted, as the authors evidently intend, to include not only fixed assets but also the net amount of current assets which must be permanently provided by the corporation. This capital or corporate estate should be clearly distinguished on the balance sheet, so that an investor may readily see whether it remains intact or not. To bring out the facts in striking form the authors propose a "double balance sheet," in which capital assets and liabilities are set off against each other in a section separate from current assets and liabilities. The proposal seems valuable and practical, though it presents some accounting difficulties. The discussion of overcapitalization is clear and complete. A new definition is presented in this statement: "A corporation can be overcapitalized only when it has more resources than it can economically employ in carrying on the business for which it is organized and maintained." The authors recognize, however, that the term is loosely used in a number of senses depending on the basis of capitalization taken as a standard.

One or two statements which need correction have been noted. In discussing the details of handling freight waybills on page 186 it is said that in the case of interline shipments a duplicate waybill "is receipted and handed to the consignee when freight charges are paid." The remark is obviously incorrect. In the chapter on Causes of Insolvency the term "bankrupt" is repeatedly applied to corporations which are not subject to the provisions of the Bankruptcy act and cannot become bankrupt.

Railroad Finance is rich in facts. The authors have studied thoroughly all the published material bearing on their subject and have collected a mass of data. They have not drawn their information to any large extent apparently from first-hand observation or interviews. As a result, the book has a strong historical flavor. This is not so much of a drawback here, however, as it would be in treating other business subjects. Railroad financial practice is now, and for twenty years has been, highly standardized. It is not necessary, therefore, that the book should be brought down to date in order to be sound and practical. The authors have done a creditable piece of work and their research

will prove of great value to financial managers, investors, and students of finance.

W. H. LOUGH.

New York University.

Federal Courts and Practice. All Sherman Law Trust Prosecutions and Syllabus of Equity, Jurisprudence, Pleading and Practice. By JOHN A. SHIELDS. (New York: The Banks Law Publishing Company. 1912. Pp. v, 874.)

The title of this work is scarcely likely to attract the attention of the economist. He will make a mistake, however, if he overlooks it, for, though not at all concerned with part I, which deals with such subjects as Territorial Courts, Attorney General, Supreme Court of the United States, Secret Service, nor with part III, which is a Syllabus of Equity, he will be considerably interested in part II. This is divided into two sections. The first, Trust Prosecutions, Decisions and Decrees, takes up at length the history of the proceedings against the Oil and Tobacco companies, with extensive excerpts from the arguments of counsel and from the decisions of both the lower and the higher courts. It also includes a full draft of the Tobacco Dissolution plan. The second section is devoted to a summary of all anti-trust suits and indictments—a much more extensive and elaborate summary than that issued in pamphlet form by the Department of Justice in the fall of 1911. As such it constitutes the best record now available of government prosecutions under the Sherman act.

WILLIAM S. STEVENS.

Columbia University.

Industrial Combinations and Trusts. Edited by WILLIAM S. STEVENS. (New York: The Macmillan Company. 1913. Pp. xiv, 593. \$2.00.)

The instructor offering courses on the trust problem will appreciate this admirable source book. The editor has brought together a representative collection of documents showing the nature of the early pools and trusts, the legislative and judicial opposition to them, the holding company, formation of the Steel Corporation and its absorption of the Tennessee Coal, Iron and Railroad Company, factors' agreements, international agreements, patent monopolies, methods of competition and restraint of trade, recent trust decisions, methods and efficacy of dissolution, and the opinions of various statesmen, financiers, business men, and reformers con-

cerning the solution of the problems. Put into the hands of a student, the volume would increase his efficiency by reducing the waste motion of going to and from the college library to read assignments scattered through a shelf full of publications—if they are to be found at all, and few smaller libraries would contain all of these selections. It would be querulous to say anything about omissions, seeing that the book is as full as it will hold. The ordinary reader will hardly get “a thorough comprehension of these problems” from this book alone. He is not likely to understand fully what he reads unless some one shall guide him. The usual limitations of documents obtain. The notes introducing each chapter are useful but very brief. The one on factors’ agreements exhibits the prevalent misconception of their chief purpose. Read along with general expositions of the questions arising out of industrial combinations, these reprints will prove illuminating, a corrective in many cases, giving an intimacy essential to a clear perception of the nature of the problems arising in connection with modern large-scale businesses.

C. C. A.

NEW BOOKS

- ALLISON, J. E. *Should public service properties be depreciated to obtain fair value in rate or regulation cases?* (St. Louis: Public Service Commission. 1912. Pp. 50.)
- AMAR, E. *L'organisation de la propriété foncière au Maroc.* (Paris: P. Geuthner. 1913. 7.50 fr.)
- CHAMBERLIN, C. D. *Die unabhängige Petroleum-Industrie in Amerika.* (Berlin: Verlag f. Fachliteratur. 1913. 2 m.)
- CRAIN, K. C. and CAUDILL, W. H. *The law of Oklahoma corporations. Annotated with forms and precedents.* (Kansas City, Mo.: Pipes-Reed Book Co. 1912. Pp. xxi, 619. \$6.00.)
- DOWNEY, E. H. *Regulation of urban utilities in Iowa.* Iowa applied history series, Vol. I, No. 3. (Iowa City: State Historical Society. 1912. Pp. 174.)

Under this title appears a general essay on the regulation of public utilities in the United States by means of state commissions. The part devoted to Iowa occupies about one eighth of the work. The author advocates the adoption of a state public service commission modeled after progressive legislation of recent years in other states. Covering a large subject, the treatment is sketchy. The only departure from the beaten path is in a suggestion that the duties of a public service commission be made to embrace also the regulation of “any creamery, slaughter-house, meat packing

establishment, and any milk, coal, or ice dealer found upon complaint and investigation to possess substantial monopoly power." This recommendation is, of course, vague enough. Public regulation of private business will undoubtedly be extended, but the justification for state control of such enterprise rests on a different basis than the regulation of what are commonly called municipal utilities. Moreover, the desirability of combining under one head the regulation of unlike forms of business may well be questioned.

H. G. F.

EDDY, A. J. *The new competition*. (New York: Appleton. 1912. Pp. 374. \$2.)

GSCHWENDTNER, J. *Das Petroleummonopol*. (Berlin: L. Simion. 1913. Pp. 72. 1.80 m.)

KREUGER, H. E. *Die wirtschaftliche und sociale Lage der Privatangestellten*. (Jena: Fisher. 1912. Pp. 363. 2.30 m.)

LAMBRECHTS, H. *Les grands magasins et les coopératives de consommation au point de vue classes moyennes*. (Paris: Rousseau. 1913. Pp. 109. 3 fr.)

LEIFMANN, R. *Die Unternehmungsformen*. (Stuttgart: Moritz. 1912. Pp. viii, 216.)

LEIPMANN, F. *Die Monopol-Organisation in der Tapetenindustrie*. (Darmstadt: Alexander Koch. 1913. Pp. 162. 4.50 m.)

MARTIN, R. *Jahrbuch des Vermögens und Einkommens der Millionäre in Berlin*. (Berlin: W. 15, Württembergischestrasse 29; Selbstverlag. 1913. Pp. x, 228. 10 m.)

MOELLER, W. *Das Reichspetroleummonopol*. (Berlin: C. Heymann. 1912. Pp. 68. 1 m.)

Advocates the proposed imperial oil monopoly. Whether an adequate supply of oil can be secured from producers independent of the Standard Oil Co. is discussed in some detail.

PICK, G. *Praktische Fragen des österreichischen Kartellrechtes*. (Vienna: Manz. 1913. Pp. viii, 227. 4.10 m.)

RHEINSTROM, H. *Ein Reichsmonopol für Leuchtöl*. (Munich: J. Schweitzer. 1913. Pp. 27. 1 m.)

The proposal to establish a quasi-public monopoly to purchase and distribute oil in Germany has given rise already to a large amount of pamphlet literature. Dr. Rheinstrom opposes the plan on the ground that a part of the supply would have to be secured from the Standard Oil Co. and because important financial interests to be associated with the monopoly are also interested in various producing companies. He seems to favor, as an alternative, government price regulation coupled with long-term contracts with producers, designed to ensure a regular and adequate supply.

O. M. W. S.

RICHARDS, H. S. *Cases on private corporations, selected from decisions*

- of English and American courts.* (St. Paul, Minn.: West Pub. Co. 1912. Pp. xx, 864. \$4.50.)
- SPIES, G. *Zwei Denkschriften zum Petroleum-Monopol.* (Berlin: Puttkammer & Mühlbrecht. 1913. Pp. xii, 154. 2.50 m.)
- STEINERT, R. *Kapitalbewegung und Rentabilität der Leipziger Aktiengesellschaften.* (Leipzig: Otto Wigand. 1912. Pp. viii, 131. 6 m.)
- VOGELSTEIN, T. *Das Petroleummonopol.* (Munich: Duncker & Humblot. 1913. 1.20 m.)
- WIEDENFELD, K. *Das Rheinisch-Westfälische Kohlensyndikat. Moderne Wirtschaftsgestaltungen. Veröffentlichungen des Kölner Museums für Handel und Industrie, 1.* (Bonn: A. Marcus & E. Webers Verlag. 1912. 7.50 m.)
- WYER, S. S. *Regulation, valuation and depreciation of public utilities.* (Columbus, O.: Sears & Simpson Co. 1913. Pp. 313. \$5.)
- *Commission telephone cases.* (New York: American Telephone and Telegraph Co., Bureau of Commission Research, Legal Depart. 1912. Pp. xxxiii, 1215.)
- *Poor's manual of public utilities.* 1913 edition. (New York: Poor's Railroad Manual Co. 1913. \$7.50.)
- Report on the German law of 1909 against unfair competition.* (London: King. 1913. 2d.)

Labor and Labor Organizations

Progress and Uniformity in Child-Labor Legislation. A Study in Statistical Measurement. By WILLIAM F. OGBURN. Columbia University Studies in History, Economics, and Public Law, Vol. XLVIII, No. 2. (New York: Longmans, Green and Company. 1912. Pp. 219. \$1.75.)

Dr Ogburn's study raises some interesting questions regarding the possible value, either scientific or practical, of the use of the statistical method in the field of comparative legislation. In this study, the child-labor laws of the various states from 1872 to 1912 are the statistical "data," and according to the author's statement the categories used in transcribing the laws from the statute books "are, in a sense, the units of measurement." Tabular and graphic methods of presentation unfortunately do not have an unlimited field of usefulness, and a study of some of Dr. Ogburn's tables, for example those on pages 71-78, will show how insuperable are the difficulties in the way of tabular presentation of such "data" as he had in hand.

It is not possible to discuss in detail the various statistical diffi-

culties that are evolved in this study. One illustration may be found in the working out of a series of "average age limits" for all the states and of "average numbers of hours of labor." To say that the "average age limit" for "any gainful occupation" is 14.04 or that the "average number of hours" in any gainful occupation is 9.00 seems a clear misuse of the average. These "average" age and hour limits merely conceal the useful facts that some states have very high age limits and other states ridiculously low ones, and that some states have short working days for working children and other states terribly long ones. The condition of the ten-year-old child in the Georgia mills is not improved by the fact that there is a sixteen-year age limit in Montana, although the "average age limit" in the two states may seem to throw a more favorable light on his situation.

The author's method of calculating "uniformity" in child-labor legislation is to count the points of likeness in the different state laws relating to child labor for each period of five years since 1879. It is of interest that progress toward uniformity measured by this method would not necessarily be progress towards satisfactory child-labor legislation; since a high degree of uniformity may mean merely that large numbers of states have had laws that are similar, and a departure from uniformity may be due to the fact that a few states have marched ahead and passed very enlightened laws on the subject. A more useful method of measuring uniformity might show how far the different state laws differ, for example, from the good child-labor law proposed by the American Bar Association's Commission on Uniform Laws. It is of interest that although the author speaks of the fact that "the work done by the American Bar Association has been admirable," no attempt is made to present the results of their work.

Finally, it should be noted that this volume does not take account of the relation between child-labor legislation and social well-being; and does not discuss the social results of the laws which it tabulates. There is no attempt to ascertain how far the provisions regarding age limits and hours and working-papers, which are so carefully enumerated, can be, or are being enforced. The method here followed necessarily ignores, for example, the fact that the Illinois law of 1893 took children out of the factories only to leave them on the street because a good compulsory education law, the corollary of every good

child-labor law, had not been enacted; or the fact of current interest that the provisions in the present Illinois law relating to illiteracy and attendance at evening schools are unenforceable. It is, in short, doubtful whether a study of child-labor legislation from a purely academic standpoint by one who has no knowledge of the conditions which such legislation is designed to meet can ever be of practical value, however useful it may be as a basis for discussion in a university seminar.

EDITH ABBOTT.

Chicago School of Civics and Philanthropy.

New York Typographical Union No. 6: Study of a Modern Trade Union and its Predecessors. By GEORGE A. STEVENS. (Albany: State Department of Labor. 1912. Pp. v, 717.)

The present work is the most complete and satisfactory study of an American local trade union which has yet appeared. The New York Typographical Union deserved intensive study on account of its importance, its long history, and the character of the available source material. The union is one of the largest in the world; it includes in its membership all the union printers in Greater New York and in 1911 had approximately 7000 members. The present volume is a history not only of the union, which was organized in 1850, but also of the associations which preceded it. It is, therefore, a history of printers' organizations in New York from 1794 to 1911. A considerable part of this period had already been covered by Mr. Ethelbert Stewart in his "Early Organizations of Printers," published in the *Bulletin of the Department of Labor* for November, 1905, which carried the history down to 1830. From that date to 1911 Mr. Stevens has had a clear field. The chief sources of the study are the manuscript records of the New York Typographical Society from 1807 to 1818, those of the New York Typographical Association from 1831 to 1840, and of the union from 1850 to 1911. No other local union in this country affords a mass of documentary material so nearly continuous and of such intimate character. In addition, Mr. Stevens has studiously examined the files of many New York newspapers.

The work is purely historical. No attempt has been made to explain in the light of industrial changes the evolution of the union's policies or to estimate the effect of its rules. The book

could with advantage have been reduced one half by the exclusion of much matter of highly excursive character and the exercise of restraint in the reprinting of documents and extracts.

GEORGE E. BARNETT.

Johns Hopkins University.

Seasonal Trades. By Various Writers. With an Introduction by SIDNEY WEBB. Edited by SIDNEY WEBB and ARNOLD FREEMAN. (London: Constable and Company. 1912. Pp. 410. 7s. 6d.)

The seasonal trades "seem never to have been made the subject of detailed study." In the United Kingdom of today, according to Mr. Webb, there is no seasonal slackness in the community as a whole. "Stating it definitely, I venture to say that if we could get accurate statistics of the total number of wage-earners actually in employment in the United Kingdom this week we should find it to be very nearly identical with the total number for any other week of the present year."

The papers (we are not told the basis of choice) discuss the waiter, the cycle and gas industries, the tailoring, millinery, skin and fur, boot and shoe, and building trades. The object is to supply a background for understanding the seasonal characteristics of the trade. In some papers this is admirably done, the history, the description of process, or the outline of organization, aiming straight at the mark. Especially is this true in the papers on the waiter and the building trades, while in other papers the preliminary descriptive section goes wide of the mark, as in the paper on the gas industry. In most of the papers the extent to which personal enquiry has extended is not stated, but the printed sources are carefully given at the end of each paper.

On the whole the collection may be considered the starting point for fuller study of each trade. But "every trade has got to be studied by itself" and it will be necessary to secure the actual records of employment from payrolls before any theory of dovetailing occupations can be proved, before the practicability of any funds of labor can be accepted, and certainly before any plans can be scheduled.

The introduction, presenting the treatment of seasonal problems by economists together with an analysis of the data set forth in the papers, is of especial value. In it a goodly number of schemes to adjust "work to the workers" and "workers to the

work" are ably discussed. A plan, not sufficiently considered, seems to be the regulation of industry and of commerce whereby the state law may follow the example of trade unions in certain sections of the cycle trade, and require each trade to be so organized that it not only may fit the manufacture of various types of products into the various seasons, but also may improve conditions by securing "retention of workers during slack periods by short time," by working of stock, by reduction of overtime, and even by compulsion of time agreements for definite length seasons.

This volume is the outcome of a seminar at the London School of Economics and Political Science during the session of 1910, and is satisfactory evidence of the value of "students' work."

SUSAN M. KINGSBURY.

Simmons College.

English Apprenticeship and Child Labour. A History. By JOCELYN DUNLOP and R. D. DENMAN. (New York: The Macmillan Company. 1912. Pp. 390. \$3.00.)

The Child in the City. Edited by SOPHONISBA P. BRECKINRIDGE. (Chicago: Publications of the Chicago School of Civics and Philanthropy. 1912. Pp. xiii, 502. \$1.50.)

The Wage-earning Boy. By CLARENCE C. ROBINSON. (New York: Association Press. 1912. Pp. 108. \$.25.)

The first of these books is printed as one of joint authorship, but the entire volume, except the concluding chapter, is the work of Mr. Dunlop. It is the story, in its more important aspects, of juvenile labor in England from mediaeval times to the twentieth century; it points out the causes for the rise and decline of apprenticeship, analyzes the modern problem of child labor, and suggests certain remedies for its attendant evils.

Contrary to common opinion, the regular employment of children did not begin in the eighteenth century with the rise of modern industrialism. It was a product of capitalism and other causes which long preceded the factory system. "In Mediaeval England children were employed as freely and at as early an age as ever they have been under the factory system." During the handicraft period, juvenile service formed an important factor in industry, but it was utilized chiefly to train the youth for his life work. Child labor was an educative process; as a labor supply it was incidental. Under the factory system juvenile service was desired as an object in itself. The work was un-

educative. Morally and economically unregulated, child labor is condemned. Premature labor renders the child less efficient during his later years. In the long run the employer is likewise handicapped by the poor quality of service which he has unwittingly helped to produce.

Apprenticeship was first used by private artisans as a method for training assistant help. Later it was enforced by the guilds, the towns, and finally, after the enactment of the Statute of Artificers in 1562, it became the general legal method to be followed by all young persons who desired to engage in any trade. It was a national system of technical education, conducted at a minimum cost, but was remarkably efficient. The system was probably introduced early in the thirteenth century, was widely established during the fifteenth and sixteenth, began to decline in the seventeenth, and fell to pieces even more rapidly after the appearance of modern industrialism.

The decline of apprenticeship is attributed to the rise of modern capitalism, and to the changed methods of production. Wealthy masters and employees became restless under its restrictions. Foreign trade then developing could not be adequately fostered under the domestic system. Also, the spirit of individualism created discontent with the old order. It was the misery of the pauper apprentices that stirred public opinion at a time when it was not sensitive to social disorder and distress. The repeal of the Statute of Artificers in 1814, two and one half centuries after its enactment, marked the formal end of the national system.

The concluding chapter sketches the modern problem of the child in industry where he appears "as wage earner, as independent workman, as machine-minder, and as the ubiquitous message, errand or van boy, and odd jobs lad." Four reform measures are suggested: (1) raising the school age, (2) creation of compulsory continuation classes, (3) further regulation of employment out of school hours, and (4) appointment of juvenile advisory committees. These plans are being worked out in England at the present time.

The book reflects wide and careful research. The subject-matter makes extremely interesting reading despite the fact that the main theme has scarcely more than academic interest. It is doubtful if anyone, within the immediate future, will find it necessary to rewrite the history of English apprenticeship. A well-classified bibliography is added, which, together with the abundant foot-

notes throughout the work, forms an excellent list of references on the subject of apprenticeship in England.

The Child in the City contains the series of papers and addresses presented at the various conferences held in connection with the Chicago Child Welfare Exhibit, May 11-25, 1911. The object of these meetings was twofold: (1) to present the subject of child welfare work to the public, and (2) to afford those engaged in practical work an opportunity to discuss the problems involved and to consider methods for improvement. The papers published, about fifty in number, suggest a wide field for study. They consider the child in a personal relationship, also from a larger social and economic point of view.

While the main problem—the status and welfare of the child—was discussed by all the speakers, the point of approach of each was different, so that, considered as a whole, the volume contains a fairly complete discussion of some of the more important problems connected with child life in the modern city.

The author of *The Wage-earning Boy*, a trained worker among boys, emphasizes the social needs of those who have attained the age at which they may leave school and become wage-earners. At this period they are subject to unusual temptations and need special advice and guidance. The volume is a handbook of suggestions for those forming or directing boys' clubs, with special reference to the methods used by the Young Men's Christian Association in dealing with this class. Little attempt is made to analyze the industrial problems associated with boy labor. The book contains valuable suggestions for the active worker among boys.

JAMES M. MOTLEY.

Brown University.

NEW BOOKS

BEAUQUIS, A. *Guide pratique de la réglementation du travail dans les établissements de l'industrie textile chanvre, coton, jute, laine, lin, soie.* (Paris: Dunod & Pinat. 1913. Pp. viii, 248. 6 fr.)

BLOCH, R. and CHAUMEL, H. *Traité théorique et pratique des conseils de prud'hommes.* (Paris: Alcan. 1913. 12 fr.)

BRANDT-WYT, R. *Hauswirtschaftliche Nahrungsmittelkonsumtion und Frauenarbeit.* (Leipzig: Duncker & Humblot. 1913. 3 m.)

BROOKS, J. G. *American syndicalism. The I. W. W.* (New York: Macmillan. 1913. Pp. 264. \$1.50.)

To be reviewed.

- CARLYLE, A. J. *Wages*. Christian Social Union handbooks. (London: Mowbray. 1913. Pp. 138. 2s.)
- ECONOMO-PRAHOVA, D. *La question du minimum de salaire. Etude de législation comparée. France, Angleterre, Roumanie, Allemagne, Pay-Bas, Suisse, Nouvelle-Zélande, États-Unis, Belgique, Autriche-Hongrie*. (Paris: Jouvet et Cie. 1912. Pp. 140. 2.50 fr.)
- HALBWACHS, M. *La classe ouvrière et les niveaux de vie*. (Paris: Alcan. 1913. Pp. xvii, 494. 7.50 fr.)
To be reviewed.
- HAUFF, L. *Die deutschen Arbeiterinnen-Organisationen*. (Halle a.S.: Ehrhardt Kerras Verlag. 1913. Pp. 184. 4.80 m.)
- HOLLANDE, M. *La défense ouvrière contre le travail étranger. Vers un protectionnisme ouvrier*. (Paris: Bloud et Cie. 1913. 5 fr.)
- IMBERT, L.; ODDO, C.; and CHARVENAC, P. *Accidents du travail. L'évaluation des incapacités*. (Paris: Masson et Cie. 1913. Pp. viii, 946. 12 fr.)
- JASTROW, J. *Textbücher zu Studien über Wirtschaft und Staat*. Vol. II. *Arbeiterschutz*. (Berlin: G. Reimer. 1912. 3 m.)
- JOUHAUX, L. *Le syndicalisme français. Contre la guerre*. (Paris: Rivière. 1913. 0.60 fr.)
- KUCZYNSKI, R. *Arbeitslohn und Arbeitszeit in Europa und Amerika 1870-1909*. (Berlin: Springer. 1913. Pp. vi, 817. 24 m.)
- LOEHR, A. *Beiträge zur Würdigung der Akfordlohnmethode im rheinischwestfälischen Maschinenbau*. (M.-Gladbach: Volksvereins-Verlag. 1913. Pp. 105.)
- MALNOURY, L. *Manuel du conseiller prud'homme*. (Paris: Rivière. 1913. Pp. 386. 4 fr.)
- MARTINI, A. *La notion du contrat de travail, étude jurisprudentielle, doctrinale et législative*. (Paris: Rivière. 1913. 7.50 fr.)
- MERKLE, B. *Arbeitslosigkeit, ihre staatliche Erfassung und ihre Bekämpfung durch den Arbeitsnachweis*. (Leipzig: Duncker & Humblot. 1913. 3 m.)
- O'TOOLE, J. J. *A live question: does the workmen's compensation law compensate the workingmen? One hundred questions answered on the Illinois compensation act*. (Chicago: F. L. Ringley Co. 1912. Pp. 72. \$1.)
- SCHLOESSER, H. H. *Trade unionism*. (London: Methuen. 1913. 2s. 6d.)
- SZABO, E. and VARLEZ, L. *Rapport sur la matière de la bibliographie du chômage*. (Gand: Volksdrukkerij. 1912. Pp. 16.)
- THIELE. *Der Einfluss der Erwerbs- und Arbeitsverhältnisse der Tabakarbeiter auf ihre Gesundheit*. (Berlin: A. Hirschwald. 1913. Pp. iii, 87. 2.40 m.)

TRAUTMANN, W. E. *Direct action and sabotage*. (Pittsburg: Socialist News Co. 1912. Pp. 43, illus. 10c.)

————— *Conditions of employment in the linen and other making-up trades of the North of Ireland*. Report of departmental committee, 6509. (London: King. 1913. 1s. 9d.)

————— *Negligence and compensation cases annotated*. (Chicago: Callaghan & Co. 1912. Pp. xxxix, 1012. \$6.50.)

————— *Report of departmental committee on the night employment of male young persons in factories and workshops*. 6503. (London: King. 1913. 3d.)

Money, Prices, Credit, and Banking

The Aldrich Plan in the Light of Modern Banking. By LUDWIG BENDIX. (New York: Robert R. Johnston. 1912. Pp. xiv, 227. \$2.00.)

This volume is the outgrowth of another, published in German, with the purpose of conveying to the Fatherland an account of the work of our Monetary Commission and its proposed legislation. In its present garb it is given to the American public with the hope that an unbiased discussion of the banking problem will contribute to the cause of reform.

The author, formerly a member of the Berlin University of Commerce staff, now associated with a New York banking house, writes from the viewpoint of an American. Devoting some fifty pages to a presentation of the existing American system and the main features of continental banking, he proceeds to discuss the principles and details of the commission's plan in the light of the working of these systems. The explanation of the plan is more than a mere restatement of the provisions of the bill proposed; and a critical examination of the more important features includes both suggestive changes and commendatory comments. Upon the whole, Mr. Bendix is an unwavering advocate of a central bank. Nothing short of such an institution can bring our system abreast of English and continental standards. He realizes that the commission's plan is a compromise with serious defects, but accepts it gladly as a step in the right direction. Three points hold prominent place throughout the discussion, *viz.*, note issues, control by selfish interests, and our lack of a discount market. (1) The need of an elastic note issue and the means of securing it are set forth in terms of the usual convincing arguments. Familiarity with European "central note-banks" seems to lead Mr. Bendix to overemphasize the issue function as an integral part

of the coming American system (*e.g.*, pp. 3, 36, 53, 119-120, 144, etc.). Important as that function is, our monetary habits are not likely to undergo a change which would give rise to a decided preference for notes over deposits as means of payment. (2) The safeguarding of the National Reserve Association from selfish exploitation by political and financial interests is, in the author's opinion, amply provided for. No other part of the plan has been so carefully considered. The pessimism which denies that men of great ability and public spirit can be found to operate a centralized system with an eye single to the general welfare is, he insists, disproved by European experience. A district or zone system would present the same difficulties without the greater advantages of a centralized one. The author on this point presents a fair though not wholly convincing argument. (3) It is in his analysis of the European money market and of our need for the development of one that Mr. Bendix is at his best. Familiarity with experience on both sides of the Atlantic gives him a vantage ground from which he writes with clearness and force.

While the volume affords nothing new for the student of money and banking, it gives economists and the public a convenient and welcome systematic presentation of the more important facts and principles connected with the agitation for banking reform. The appendix contains the commission's plan and illustrative statistical tables.

DON C. BARRETT.

Haverford College.

The Standard of Value. By SIR DAVID BARBOUR. (London: Macmillan and Company. 1912. Pp. xvi, 242. \$2.00.)

Logically, this book may be divided into three parts. The first, covering one half of the book, is devoted chiefly to a discussion of the elementary principles of money and credit with particular reference to the quantity theory of money which, the author says, "rightly understood ought never to have been challenged." The second part, covering chapters 12 to 15 inclusive, about one fourth of the book, is concerned mostly with the history and philosophy of the gold and silver controversy. Here the philosophy of money propounded is essentially that of the orthodox international bimetalist. The first three fourths of the book is for the most part elementary. It is of value, however, to the economist in that it shows the philosophy of money held by the

man who was Financial Member of the Council of the Governor-General of India during the years 1888 to 1893, and was more largely responsible than any one else for the program of monetary reform inaugurated in 1893. The economist's chief interest will be in the last fourth of the book, particularly chapters 16 and 17. Here are to be found an authoritative description of the Indian currency reform and a first-hand explanation of the motives of the government's actions in the reform's initial stages.

From these latter chapters, it appears that to the mind of Sir David Barbour the silver standard in India was fast becoming intolerable because of the rapid appreciation of gold. He was convinced that international bimetallism afforded the best solution of the problem both in the interest of India and of the rest of the world. By 1891, however, "it became evident . . . that the bimetallic controversy . . . would probably end by the abandonment of silver as a standard of value and the universal adoption, sooner or later, of the single gold standard" (p. 182). It seemed to him that the United States must soon discontinue its purchases under the Sherman act, and that if India was to close her mints at all, she should do so before the cessation of these purchases should cause a further disastrous decline in the gold price of silver (pp. 184-5).

Having decided that it was desirable to close the mints and to go over to the gold standard he was confronted with two other important questions: What gold par should be adopted and how should it be attained? The author's attitude on these questions was on the face of it one of extreme conservatism: it was to do nothing for a while and see what happened. The possible evil results of an indefinite and uncertain policy, however, in the matter of a rapidly changing unit of value may mean that such a policy is anything but conservative. The reviewer believes that such was the case in the two currency reforms in which Sir David Barbour actively participated, that of India in 1893 and that of the Straits Settlements ten years later. The book under review is a defense of such a policy.

The author's objections to the definite policy of going over to the gold-exchange standard at once, according to the Lindsay scheme, by borrowing money for a gold reserve, and declaring fixed rates at which sterling drafts would be sold in India for rupees and rupee drafts sold in London for sterling, were: (1) the expense of borrowing funds for such a reserve; (2) the uncertainty as to the amount needed and the resulting danger that

the reserve when once accumulated might be exhausted before parity was firmly established thus discrediting the attempt to introduce the gold standard; and finally (3) the belief that the Home government would be liable to reject such a plan.

When one considers the great advantage of promptly stabilizing exchange at the 16d. par in 1893, these objections do not appear to be conclusive. India's financial burdens were of course heavy; their growth, however, would be checked by the fixing of exchange; her credit was good, her sterling debt being quoted at rates representing interest of only slightly above three per cent. A reserve fund of £15,000,000 under the gold-exchange standard would probably have been sufficient in 1893. To be on the safe side the Indian government should have secured authority to extend the loan to £25,000,000 in case of need. There is no adequate evidence that India could not have stood a temporary increase in her interest burdens of from half to three quarters of a million pounds a year which such a loan would have occasioned. In the year 1893-1894 India's total sterling payments on account of interest and annuities amounted to £8,231,012, the bulk of which was on account of railways, irrigation works, and other productive improvements. The great increase in the demand for rupees in subsequent years would soon of itself have built up a strong gold reserve; and long before the present time seigniorage profits, profits on exchange, and interest on that part of the reserve left in London would have enabled a reduction in the gold-standard debt—if not its entire payment—to a point where it would have ceased to be burdensome. As to the objection that the Home government would have rejected such a proposition if made by the government of India, the obvious reply is that that would have been the responsibility of the Home government. If this was ideally the best plan the government of India should have recommended it, suggesting, if it were thought desirable in the interest of results, the other plan as a second choice.

E. W. KEMMERER.

Princeton University.

Prices, Price Indices, and Cost of Living in Australia. By G. H. KNIBBS. (Melbourne: Commonwealth Bureau of Census and Statistics. 1912. Pp. 160.)

The report by Mr. Knibbs on prices and cost of living in Australia brings an authoritative statement on this subject by a writer who is already favorably known to American economists.

Mr. Knibbs prefaces his study by a review of the technique of index numbers and concludes by deciding to adopt the method of "aggregate expenditure" in preference to other methods used elsewhere. Index numbers computed on the aggregate expenditure method are ratios "between the total aggregate cost of definite quantities of a number of commodities at a given date and the price of the same quantities of each commodity at some other date selected as a base or standard; each of these ratios is then multiplied by 1000" (page 11). This method assumes, of course, that the total consumption of the commodities included can be estimated from year to year. In addition to the review of the technique of index numbers in the first chapter, a lengthy and badly printed appendix gives a discussion, principally in the form of algebraic formulæ, of the problems involved in the various price indexes now being published. For American readers who are familiar with the work of Fisher and Walsh, this part of the report offers little that is new.

The real contribution of the report consists in the information presented as to actual and relative prices in Australia. The price data include retail, wholesale, and import and export prices. The retail prices were obtained from retail dealers whose principal customers were wage-earners, and cover the years 1901 to 1911; rents of workmen's dwellings were secured from "house-agents" for the same period. The wholesale price data are Melbourne prices, from 1871 to 1912, obtained from market quotations in the "ordinary press and in special trade reviews." The import and export prices are averages computed from the Trade and Customs Returns, and cover the period 1901 to 1912.

In general it may be stated that the movement of prices in Australia has shown about the same tendencies as in the rest of the world, though exceptions must be made in some years on account of local influences, such as drought. Of special interest is Mr. Knibbs' computation of a "world's index number," obtained by weighting an index for each of the leading countries by a number representing its population in 1911, the year used as a base. By the use of the world index, the price changes of one country can be readily compared with the fluctuations in the rest of the leading countries. However, since no change in population weight is made for the earlier years, the number is of value for recent years only.

The present volume is stated to be the first of a series of

studies on prices, which the bureau hopes to publish at regular intervals.

HENRY J. HARRIS.

Library of Congress, Washington.

Geld und Kapital. By FRIEDRICH BENDIXEN. (Leipzig: Duncker und Humblot. 1912. Pp. 187. 4.50 m.)

This is a book of twenty brief essays based upon the author's views as developed in his *Das Wesen des Geldes* which was published in 1908. All but four of the essays (nos. 2, 4, 7, and 12) have been previously published, most of them in the "Bank-Archiv." The essays are here grouped into six chapters dealing respectively with the theory of money, the Reichsbank problem, the crisis of 1907 and the bank inquiry, the policy of the Reichsbank, land credit, and the national capital.

The book is dedicated to George Friedrich Knapp, and the author is an adherent of Knapp's *Staatliche Geldtheorie*:

The stability of the value of gold depends . . . not, as people have heretofore believed, upon its natural properties, nor upon the fact that people measure all value in terms of gold thereby making gold the fixed unit, but simply on the fact that the state, by virtue of legal regulations, purchases gold and disposes of it at a fixed price. Money derives its value therefore not from gold; on the contrary gold derives its value from money, that is from provisions of law relative to monetary matters.

For the conception of a system of value the recognition of this fact signifies a complete revolution. Heretofore people saw all value circling about gold, as about a fixed and unshakable center; now this is recognized as a delusion. In truth value moves about an ideal center (the nominal unit of value), and only in an artificial way has gold been tied to this center. If this artificial connection is discontinued, *i.e.*, if free coinage of gold is given up in gold standard countries, then values will travel peacefully on their road around the nominal value unit (pp. 5 and 6).

According to the author modern books on money are sadly out of date. Their ideas concerning such matters as the rapidity of monetary circulation, the monetary demand, and the monetary supply have long since become inapplicable because of the development of modern means of payment, such as the giro-transfers of the Reichsbank, bank notes, etc. (pp. 10 and 11). Giro-transfers are as truly money as is gold coin, they represent ideal units of value, and are based upon the property whose exchange calls them into being (p. 60). The exchange having been made the

money ceases to exist (p. 61). It is a primitive notion to insist that money must be a material thing. The abstract unit of value is not identical with a given quantity of a precious metal (p. 19). Most German money is not issued directly by the state; witness, for example, the gold coin issued through the Reichsbank (on the presentation of bullion), bank notes, and giro-transfers.

The book is suggestive but superficial. Many of the ideas are not as new as the author apparently believes them to be. It is based largely upon German conditions. The *Knappsche Geldtheorie* which it in large part represents has not received much recognition outside of Germany, although Knapp's *Staatliche Theorie des Geldes* was published in 1905. Most economists believe that the unit of value need not represent a commodity standard, that is, that it may have a value as money entirely different from the value of its constituent metal, as, for example, was the case of the Indian rupee from 1893 to 1898. Most economists further believe that the monetary demand for gold represents a very important influence in determining its value and that legislation may determine the extent and the direction of the monetary demand for gold and silver. Granting this, however, it is none the less true that the monetary unit is not an ideal thing but a definite value expressed in a coin—a value varying according to the play of the forces of demand and supply. The great bulk of the exchanges may be effected in Germany by means of giro-accounts and bank notes; it is still true that a giro-transfer for 1000 marks or a bank note for that sum represents the value of 1000 of the monetary units known as the mark, and must be paid in those units if demanded. All prices of goods sold, no matter what the medium by which payment is made, are expressed in terms of these units. The value of these units is determined by the law of supply and demand, and, under free coinage, conforms closely to the value of the 6.148 grains of standard gold which is coined into a mark.

E. W. KEMMERER.

Princeton University.

NEW BOOKS

BAGSHAW, J. F. G. and HANNAFORD, C. F. *Practical banking, including currency.* (London: Pitman. 1913. Pp. 316. 5s.)

BALLA, I. *The romance of the Rothschilds.* (New York: Putnam. 1913. \$3.25.)

BONNET, P. *Le banque d'état du Maroc et le problème marocain.* (Paris: Rousseau. 1913. 6 fr.)

DANIEL, T. C. *High cost of living; cause; remedy.* (Washington: Monetary Educational Bureau. 1912. Pp. 171.)

DESCHAMPS, H. *Précis d'un cours de banque.* (Paris: Dunod & Pinat. 1911. Pp. 255. 3.50 fr.)

A technical description of the business of banking in France, distinguishing the practices of the Bank of France from those of other French banks. It goes into detail in describing banking practices and in particular gives a full account of bank bookkeeping with examples of the various forms used. It should prove a very useful book for any one who wishes to familiarize himself with the technical details of French banking practices and accounts.

F. R. F.

DURAND, L. *La caisse rurale, système Raiffeisen.* (Paris: Bonne Presse. 1913. Pp. 54. 0.15 fr.)

EVERSOLE, O. P. *The high cost of living. A brief defense of the people.* (Fort Wayne, Ind.: O. P. Eversole & Co. 1913. Pp. 137.)

EULENBERG, F. *Bedeutung der Lebensmittelpreise für die Ernährung.* (Leipzig: J. A. Barth. 1912. Pp. 193.)

FANNO, M. *Le banche e il mercato monetario.* (Rome: Athenaeum. 1913. Pp. 395. 8 l.)

To be reviewed.

FOWLER, C. N. *Seventeen talks on the banking question.* (Elizabeth, N. J.: Financial Reform Pub Co. \$2.50.)

GRUBER, E. *Sparkassengesetz für Elsass-Lothringen vom 23. 8. 1912 mit Erläuterungen.* (Strassburg: Strassburger Druckerei und Verlagsanstalt. 1912. Pp. 53.)

HOBSON, J. A. *Gold, prices and wages.* (London: Methuen. 1913. 3s. 6d.)

KIRKBRIDGE, F. B. and STERRETT, J. E. *The modern trust company: its functions and organization.* (New York: Macmillan. 1913. \$2.50.)

LENOIR, M. *Etudes sur la formation et le mouvement des prix.* (Paris: Giard & Brière. 1913. Pp. viii, 201.)

LICHTENFELT. *Volksernährung und Teuerung.* (Stuttgart: W. Kohlhammer. 1913. Pp. 61. 1 m.)

MACKENZIE, M. A. *Interest and bond values.* (Toronto: University Press. 1912. Pp. 94. \$2.)

The text explains the current interest tables and tables of bond values as applied to periodical payments, straight term bonds, annuity bonds, etc. The mathematical theory is given for those familiar with algebra; but the text is so full in detail and illustration that a reader ignorant of algebra may get an understanding

of the application of the tables and of the principles underlying their construction.

RATZKA-ERNST, C. *Welthandelsartikel und ihre Preise. Eine Studie zur Preisbewegung und Preisbildung. Der Zucker, der Kaffee, die Baumwolle.* (Leipzig: Duncker & Humblot. 1913. 7 m.)

RIEDEL, F. *Der Giro- und Scheckverkehr.* (Hannover: Göhmannsche Buchdruckerei. 1912. Pp. 89. 1.25 m.)

SCHACHT, H. *Die wirtschaftlichen Kräfte Deutschlands. Ueberreicht von der Dresdener Bank anlässlich ihres 40 jährigen Bestehens.* (Berlin: Reichsdruckerei. 1913. Pp. 48.)

SCHULTE, F. *Die Bodenkreditinstitute der Oesterreichisch-Ungarischen Monarchie 1841 bis 1910.* (Leipzig: Duncker & Humblot. 1912. 12 m.)

VINCEY, P. *Le prix de la viande à Paris.* (Paris: Dunod & Pinat. 1913. Pp. 152. 7.50 fr.)

WEINBERGER, A. *Agio und Disagio der Pfandbriefe in der Bilanz der deutschen Hypothekenbanken.* (Berlin: J. C. Cotta. 1913. 3.50 m.)

WILMERSDOERFFER, F. *Notenbanken und Papiergeld im Königreich Italien seit 1861.* (Stuttgart: J. G. Cotta. 1913. 5 m.)

WITHERS, H. *Money changing. An introduction to foreign exchange.* (London: Smith, Elder & Co. 1913. 5s.)

————— *Catalogue of coins, tokens and medals in the numismatic collection of the mint of the United States at Philadelphia, Pa.* Treasury Department Doc. No. 2612. (Washington: Gov. Pr. Office. 1912. Pp. 634.)

————— *Proceedings of the thirty-eighth annual convention of the American Bankers' Association and annual proceedings of the trust company section, savings bank section, clearing house section, and state secretaries section.* (New York: Fred E. Farnsworth, secretary, American Bankers' Association. 1912. Pp. 754.)

Of special interest are the addresses on "Land and Agricultural Credit," by Charles A. Conant (pp. 189-203); "The Achievements of the Trust Company Section during the Past Fifteen Years," by Breckinridge Jones (pp. 301-315); and "Segregation of Savings Deposits," by Pierre Jay and R. E. James (pp. 356-369).

Silver purchases. Correspondence of the India Office with the Bank of England and Messrs. Samuel Montague & Co. relating to the purchases of silver in 1912. (London: King. 1913. 1s. 3d.)

Public Finance, Taxation, and Tariff

The Inheritance Tax Law. By ARTHUR W. BLAKEMORE and HUGH BANCROFT. (Boston: The Boston Book Company. 1912. Pp. vi, 1376. \$9.00.)

Inheritance Taxation. By PETER V. ROSS. (San Francisco: Bancroft-Whitney Company. 1912. Pp. lxix, 841. \$6.00.)

Both of these works are legal in character and are based upon the same general plan, namely, a topical discussion of the legal questions involved in the enactment and administration of inheritance tax laws in the United States, followed by a full statement of existing laws in each of the states at the close of the year 1911. Both apparently give exhaustive citations of court decisions. The list of cases cited is given separately by Ross, but not by Blakemore and Bancroft. On the other hand, the latter furnish much more historical material than does Ross. In connection with each state they give a list of all the statutes which have been enacted, as well as the constitutional provisions bearing on the taxation of inheritances, and a full analysis of the more recent enactments, including the legislation of the federal government. Appendices contain tables showing for each state whether or not it imposes an inheritance tax (distinguishing direct and collateral taxes), rates, and exemptions; whether the tax is collected on shares of non-residents in domestic corporations, and on stock of foreign corporations owning property in the state. Taken in connection with Bancroft's *Inheritance Taxes for Investors*, published in 1911, this work furnishes an exhaustive statement of the existing law governing inheritance taxation in the United States, as well as a valuable summary of its legal history and present condition. H. B. G.

Tax Administration in Iowa. By JOHN F. BRINDLEY. Iowa Applied History Series, Vol. I, No. 7. (Iowa City: The State Historical Society of Iowa. 1912. Pp. 120.)

Professor Brindley's thorough and critical study of the history of taxation in Iowa and of recent tax reform movements in other states, published in 1910 (see AMERICAN ECONOMIC REVIEW, vol. I, p. 603), was apparently an important factor in bringing about the appointment by the Iowa legislature of a tax commission to consider the revision of the tax system of the state, on which commission Professor Brindley has served as secretary. In the present volume he reprints and brings down to date the chapter of his earlier volume containing the general review of the history of taxation in Iowa and adds two chapters on the county assessor and tax commission movement, and

standards of tax administration. The former of these two chapters contains a brief but excellent review of the present practice in tax assessment throughout the country, with a somewhat more detailed discussion of West Virginia, Kansas, Minnesota, and Wisconsin; the latter applies the conclusions reached to the assessment problem in Iowa.

Professor Brindley's estimate of the relative importance of the various tax reform movements is shown in the statement that "of the three great tax reform movements of the last twenty-five years, namely, the adoption of certain special forms of taxation, the separation of the sources of state and local revenue, and the centralization of fiscal administration, the latter is not only the most important, but is a necessary basis for the real success of any important measure relating to ad valorem taxation." The volume under consideration affords an excellent summary of the progress which has been made in this direction.

II. B. G.

Financial History of Ohio. By ERNEST LUDLOW BOGART. University of Illinois Studies in the Social Sciences, Vol. I, Nos. 1 and 2. (Urbana-Champaign, Ill.: Published by the University. 1912. Pp. 258.)

Under a somewhat misleading title, Professor Bogart has presented a considerable amount of economic history coupled with a very satisfactory account of financial administration and taxation in Ohio. Neither the economic nor financial history, however, is complete in this volume; a history of the state debt has been published elsewhere, and monographs on local finance and internal improvements are promised.

The introductory and first chapters are devoted principally to economic history. A considerable part also of chapters 5 and 6 deals with the history of banks and of railroads rather than with financial matters. Valuable as these sections are in themselves, they yet exceed the bounds of what is necessary and desirable in order to make clear the financial history of the state. Chapter 2 presents an interesting account of the methods—all too often the more or less extra-legal devices and makeshifts—by which the state has contrived to make both ends meet. Convenient tables of receipts and expenditures are appended. The third chapter traces the development of treasury accountability and of budgetary practice.

In part II, covering the second half of the book, Ohio's inter-

esting experience in taxation is for the first time adequately described. The account of the general property tax is in the main very satisfactory, but on two important points the reviewer believes it to be misleading. Professor Bogart leaves the impression that corporation shares are taxable to the holders unless the corporation's entire property is taxed in the state;¹ although in describing the Willis law tax he seems to imply (erroneously) that the payment of the franchise tax works the exemption of the shares (p. 344). But in 1904² the shares in Ohio corporations were exempted from taxation, regardless of the taxation of the corporation. An earlier act³ had exempted shares in foreign corporations at least two thirds of whose property is taxed in Ohio and the remainder elsewhere, provided such corporations also pay an annual fee, similar to that exacted of domestic corporations. The practical effect of these laws is to exempt from taxation the stocks of all domestic corporations, and the stocks of substantially all foreign corporations doing business in the state.

Moreover, it is repeatedly stated or implied that Ohio enjoys practically complete separation of the sources of state and local revenue. It is true that since 1902 there has been no levy for the general revenue fund, but there are also a common school fund, a sinking fund, and a university fund, for each of which a state rate on general property continues to be levied. Beyond doubt, the state rate was considered by the real estate appraisers in making their valuations in 1910; in several instances they openly admitted it. Dissent must therefore be expressed to Professor Bogart's conclusion (p. 254) that complete separation is undesirable.

The plan of the work unfortunately makes for a number of tiresome repetitions, which more careful editing might have avoided; and there are many typographical errors. The index is fairly satisfactory.

In spite of imperfections the book is an important addition to the literature of state finance and taxation. If it could be read and digested by Ohio lawmakers and citizens, hope of thoroughgoing tax reform in Ohio would be rekindled. The constitutional convention, from which Professor Bogart hoped so much, retained and even strengthened the requirement of uniformity which has

¹ He refers (p. 224) only to the law of 1852, which, however, virtually reenacted that of 1846. (44 O. L., 85, Sec. 10.)

² 97 O. L., 496.

³ 95 O. L., 539, amending Act of April 14, 1900 (94 O. L., 225).

been such a bar to progress. The only advance in matters of taxation is the definite provision for excise and franchise taxes, for taxes upon the production of minerals, and for graduated taxes upon incomes and inheritances.

O. C. LOCKHART.

Ohio State University.

Die Neuordnung der direkten Staatssteuern in Preussen. By G. STRUTZ. (Berlin: Carl Heymanns Verlag. 1912. Pp. 252. 5 m.)

The enormous military and naval expenditure of Germany has brought the problems of taxation and revenue to the forefront of economic investigation in the Fatherland. The very large outlays for the navy in particular, occasioned by the naval rivalry with Great Britain, have made it necessary to tap new sources of revenue; and, in general, to increase the burden of taxation. Because of this, the entire scheme of imperial finance was substantially altered in 1909-1910; and this reorganization had its effect on the several states of the Empire. The best account of the movement for tax reform is found in *Die Reichsfinanzreform: Ein Führer*, which consists of a series of papers by leading public officials, and which were published by the Vereinigung für Förderung der Reichsfinanzreform, in 1909. Innumerable other books and pamphlets on this burning question have been issued; among them, in 1912, the present volume by Dr. Strutz who discusses in detail the changes in direct taxation in Prussia which have now become an accomplished fact.

In Germany, as in all federal states, the fiscal problem is threefold; for it must deal with national, state, and local finance. Therefore, although the great imperial reforms of 1909-1910 deal with federal finance they also intimately concern each state and municipality. It is from the point of view of Prussian finance that Dr. Strutz considers the situation.

It was essential, in order to meet the growing demands upon the imperial exchequer, that the federal authorities should raise some 500 million marks. After much discussion and investigation it was decided to raise 475 million marks by indirect taxation and the remainder by an additional direct contribution from each state. The imperial government also attempted to put through a federal inheritance tax measure; but the proposal met with such bitter opposition from the large landowners that

it was impossible of accomplishment. This led to the resignation of the Chancellor. The imperial government, however, for the future, was to receive three fourths of the proceeds arising from the inheritance tax in each state, instead of two thirds only, as had hitherto been the case.

In the Prussian reforms of 1891-1893 a modernized income tax was adopted in lieu of the old tax on produce. This was supplemented by a light tax on property, which was designed to give, in some measure, preferential treatment to earned as against unearned incomes. That state also adopted a direct tax on collateral inheritance in place of the old probate fees. The rates varied according to the degree of relationship. Many other states adopted this tax; but in 1906 the imperial government decided to appropriate for federal purposes two thirds of the proceeds; which, as has been noted, was increased in 1910 to three fourths of the net yield.

The most striking change, however, occurs in connection with the tax on the unearned increment of land. Of the proceeds of this tax, 50 per cent flows into the imperial exchequer; 40 per cent is retained by the local governments; and 10 per cent is kept by each state to meet the cost of collection. This tax displaces all local levies on the unearned increment which have been made by some 4,500 German municipalities since it was first adopted by Frankfort in 1904. The unique experiment undertaken in the German colony of Kiauchau in 1898, whereby a tax on the unearned increment values of land was established, undoubtedly influenced the German municipalities in formulating their program. All these direct taxes, especially those on incomes, inheritances and land values, are admirably analyzed and given their relative weight in the Prussian system of taxation, by Dr. Strutz. His study is clear, concise, and thorough. The work, however, suffers because of the lack of an index and an adequate topical analysis.

W. W. SWANSON.

Queen's University, Kingston.

Das internationale Finanzrecht. By GUSTAV LIPPERT. (Triest: F. H. Schimpff. 1912. Pp. 1150.)

Dr. Lippert has undertaken a new enterprise, a systematic statement of the existing practice of states in matters affecting international financial relations, together with a scientific study of the

problems involved. He has, accordingly, gathered together a large amount of information about subjects usually inadequately treated, both in works on public finance and those on international law; and has given it systematic statement which has been hitherto lacking. For both services he has placed his readers under heavy obligations to him.

The interpretation which Dr. Lippert gives the word "finance" is a broad one, since the volume treats of commercial relations, coinage, transportation, and various other matters besides public finance. The term "international" also receives a broad interpretation, since the book treats of relations between the states of confederations and federal unions. Sixty-six pages of indexes place the contents of the formidable volume at the ready command of the seeker after particular bits of information. Students of commercial relations and of public finance are likely to be the ones most interested in the volume. From his own point of view, the reviewer finds the chapter on international double taxation the one of most interest. The various theories are reviewed, past and present practice is set forth, and all details of the question are searchingly examined. The 205 pages devoted to the topic would themselves make a sizeable volume, and must be reckoned with hereafter by all students of taxation. Doubtless others, with different interests, will find the other chapters of equal value.

CHARLES J. BULLOCK.

NEW BOOKS

BUNDSMANN, E. *Der Wertzuwachs an Liegenschaften und seine Besteuerung.* (Innsbruck: Wagner. 1912. Pp. 81. 2 m.)

BURKHARDT, T. *Die deutschen Reichssteuergesetze und Ausführungs-Bestimmungen. Betrachtungen über die Erhebung und Kontrollierung der indirekten Steuern.* (Aibling: J. N. Cortolezis. 1912. Pp. iii, 387. 3.50 m.)

COHN, G. *Betrachtungen über die Finanzreform des Reiches und über Verwandtes.* (Stuttgart: Enke. 1913. Pp. 516. 14 m.)
To be reviewed.

COPELAND, J. *Masterpieces on the tariff (non-partisan). A compilation of great speeches and messages on the tariff, from the founding of the government to the present time.* (Greenville, Tex.: Copeland Book Co. 1912. Pp. 376. \$1.50.)

CORTE-ENNA, G. *Elementi di scienza delle finanze.* (Milano: Soc. Edit. Libr. 1912. Pp. 432. 4.50 l.)

- CREHORE, W. W. *Protection's brood; a presentation of the direct and indirect consequences of the continuance of a protective tariff system in the U. S.* (New York: J. J. Little & Ives Co. 1912. Pp. 255. \$1.)
- DUBREUIL, L. *La vente des biens nationaux dans le département des Côtes du Nord, 1790-1830.* (Paris: Champion. 1912. Pp. xviii, 705.)
- EVE, H. T. *Single tax rating on site values.* (London: Wyman. 1913. Pp. 41. 6d.)
- DE GREEF, G. *L'économie publique et la science des finances.* (Paris: Alcan. 1913. 10 fr.)
- HENRICH, K. *Einführung in die Finanzpolitik.* (Munich: Buchh. Nationalverein. 1913. Pp. 63. 0.80 m.)
- HENRY, R. *Who pays? An inquiry into the real incidence of taxation.* (New York: Scribner. 1913. \$1.)
- HIGGINSON, J. H. *Tariffs at work. An outline of practical tariff administration with special reference to the United States and Canada.* (London: King. 1913. Pp. xiv, 136. 2s.)
- HOFFMANN, A. and others. *Kommentar zu den Zoll- und Steuergesetzen des deutschen Reiches.* (Berlin: Otto Liebmann. 1912. Pp. 959. 25 m.)
- JUNGE, G. *Die Getreideeinfuhrscheine im Rahmen unserer Schutz Zollpolitik.* (Berlin: E. Felber. 1912. Pp. x, 133. 3.20 m.)
- LORINI, E. *Scienza delle finanze.* (Pavia: Mattei. 1912. Pp. xi, 536. 10 l.)
- MAYER, O. *Die direkten Gemeindesteuern in den grösseren badischen Städten und ihre Reform in den Jahren 1906 und 1910 im Vergleich mit dem preussischen Gemeindesteuersystem.* (Karlsruhe: G. Braun. 1913. 2 m.)
- MORGAN, J. E. *Selected articles on free trade and protection.* Debaters' handbook series. (Minneapolis: H. W. Wilson Co. 1912. Pp. xxix, 186. \$1.)

Contains some good articles, but on the whole the selection is not especially good, nor is the argument on either side particularly well presented. Chauncey Depew, for example, cannot be called a weighty authority, nor can it be said that Mr. Blaine's tariff history was so accurate and valuable as to deserve reproduction for the benefit of any but an expert student. Free-trade arguments that start out by "conceiving of three persons living in a state of nature" may interest anthropologists, but a little of such argument is enough, and there is a good deal of it in this collection.

H. R. M.

- NICHOLS, P. *Taxation in Massachusetts: a treatise on the assessment and collection of taxes, excises and special assessments under*

the laws of the Commonwealth of Massachusetts. (Boston: Financial Pub. Co. 1913. Pp. 826. \$6.)

Contains a considerable amount of historical data.

OPPERMANN, R. *Gemeindesteuerreform. Bemerkungen und Vorschläge zum sächsischen Gemeindesteuergesetzentwurf.* (Dresden: Hahn & Jaensch. 1912. Pp. 143. 2 m.)

PALLAIN, G. *Les douanes françaises, régime général, organization, fonctionnement.* (Paris: P. Dupont. 1913. 36 fr.)

PEISKER, E. *Reichswertzuwachssteuer. Das geltende Recht und die Ziele seiner Reform.* (Berlin: Heymann. 1912. Pp. xx, 179. 4 m.)

PETIT, P. *La dette publique de la Russie.* (Paris: Giard & Brière. 1913. 5.50 fr.)

Contrary to current opinion in France, Russia has never failed to meet her financial engagements and for stability her treasury surpasses that of any other country in Europe.

RAFFAN, P. W. *The policy of the land values group in the house of commons.* (London: United Committee for the Taxation of Land Values, 11 Tothill St., Westminster. 1912. Pp. 41. 1d.)

RAIGA, J. *Le mouvement de centralisation administrative et financière en Angleterre.* (Paris: Larose & Tenin. 1913. 8 fr.)

ROBBINS, E. C. *Selected articles on reciprocity.* Debaters' handbook series. (Minneapolis: H. W. Wilson Co. 1913. Pp. xxiii, 222. \$1.)

Even technical students are likely to find something suggestive in this compilation. There is a suggestion of insularity, perhaps, in the rather disproportionately large space given to reciprocity with Canada, and it is to be regretted that the argument against reciprocity is given up so largely to the vitriolic attacks of the "American Economist" on the agreement of 1911. However, the larger issues of the reciprocity policy are presented satisfactorily, and the relations of the most-favored-nation clause to that policy are brought out. The book may be commended to those who want a handy compendium on the subject.

H. R. M.

SAMUELS, A. W. *Home rule finance.* (Dublin: Simpkin, Marshall & Co. 1912. Pp. 334. 1s.)

SCHERMA, G. *Scienza delle finanze e diritto finanziario.* (Palermo: Vena. 1912. Pp. 104.)

SELIGMAN, E. R. A. *Essays in taxation.* Eighth edition, completely revised and enlarged. (New York: Macmillan. 1913. Pp. xi, 707. \$4.)

To be reviewed.

SILVERS, E. B. *Single tax a fallacy; a refutation of the theory of single taxation as announced by Henry George.* (Kansas City, Mo.: Convention Pub. Co. 1913. Pp. 105. 50c.)

STOURM, R. *Cours de finances, le budget*. Seventh edition, brought down to date. (Paris: Alcan. 1913. Pp. xv, 621. 10 fr.)

WAGNER, A. and DEITE, H. *Histoire de l'impôt depuis l'antiquité jusqu'à nos jours*. I. *Depuis l'antiquité jusqu'à 1815*. Bibliothèque internationale de science et de législation financières. (Paris: Giard & Brière. 1913. Pp. x, 330.)

The fourth volume of the French translation of Wagner's work.

The imperial tariff for 1913. (London: King. 1913. 4s. 6d.)

Taxation of forests. (Boston: Society for Protection of New Hampshire Forests, 6 Hancock Ave. 1913. 50c.)

Contains "Principles Underlying Forest Taxation," by Dr. B. E. Fernow; "Forest Taxation," by Professor F. R. Fairchild; and "Practical Application of Taxes to Forests," by Professor Charles J. Bullock.

Annuaire général des finances, 1912-1913. (Paris: Giard & Brière. 1913. 6 fr.)

Population and Migration

Immigration and Labor. By ISAAC A. HOURWICH. (New York: G. P. Putnam's Sons. 1912. Pp. xvii, 544. \$2.50.)

The subtitle of this book is the Economic Aspects of European Immigration to the United States; and to its preparation Dr. Hourwich brings the training of a physician, a lawyer, a college teacher and an expert of the United States Census Bureau. In the main, the book is a brief for practically free immigration, and an attack on the methods, findings, and recommendations of the Immigration Commission, and on the views of Messrs. Jenks and Lauck as stated in their recent book *The Immigration Problem*. The present volume is a serious and comprehensive study, taking up almost every phase and argument of the immigration question, and must be reckoned with by the restrictionists.

The opening chapter is a dogmatic statement of the author's standpoint, and the succeeding chapters contain the detailed proof of the various propositions set forth in it. Dr. Hourwich agrees with the commission and with Jenks and Lauck that the immigration question is essentially an economic one. He claims that the alleged effects of recent immigration in substituting inferior races, causing a decline of the native birth-rate, increasing the public burden of insane, feeble-minded, and paupers, and lowering the standard of living, are not sustained by the evidence.

As to the economic question, he disagrees with the commission and with Jenks and Lauck. He contends that the demand for labor is increasing faster than the population; that the natives and earlier immigrants, instead of having been crowded out of employment, have been pushed up into higher positions; that immigration regulates itself automatically in response to the demand for labor; that the reduction of the hours of labor, the rise in wages, and the increase in the numbers of organized laborers have been due to recent immigration. He also claims that recent immigration is not responsible for the increase in work accidents, as is commonly contended by employers and foremen; and he argues that the restriction of unskilled labor, as recommended by the commission, would result in a relative oversupply of skilled labor, and consequently in a disarrangement of the conditions of industry. The statistical tables which he uses to support these views abound in the main body of the book; they occupy 26 pages of the appendix, and are taken or compiled chiefly from the reports of the commission, now being printed, and from the last census.

One of the author's main criticisms of the Immigration Commission is that it failed to make an adequate comparison of the present with the past; that it occupied itself chiefly with collecting new material and did not concern itself with historical perspective. But it is precisely this lack of historical perspective which vitiates the author's own method, and makes some of his most important conclusions fallacious. All through the book, he contends that the lowest immigration of today should be compared with the lowest immigration of forty or fifty years ago; and that, if it appears that the former is not inferior to the latter in standard of living, in mortality, and in social and political capacity, no objection can be made to it.

Now in the first place, it is not "recognized on all sides that the present movement for restriction of immigration has a purely economic object" (p. 1). A large part of the restrictionist propaganda is based on the view that the Mediterranean, Asiatic, and African races are not fitted by inheritance and training to take part in a democracy requiring an intelligent, self-reliant, and homogeneous citizenship. But aside from this, the author's argument overlooks the fact that the world has progressed in the last fifty years, and that the standards of living and of capacity are higher now than then. It is perfectly true that

objections were made to the earlier German and Irish immigration similar to those now made to that of the South Italians, Greeks, Syrians, and Armenians. No doubt, some of the earlier objections were perfectly just at the time; but today immigrants of the same grade as the lowest of the "old immigration" are really more objectionable, because the general level of living and intelligence has risen both in this country and in Europe. The mere fact that this country has survived some objectionable immigration in the past does not prove that it was desirable, or that we should let in everybody now. So, the fact that there were bad housing conditions and congestion in 1834, for example, in New York city, is no reason for allowing a much larger immigration which lives under the same conditions in 1913.

A good example of the author's fallacious reasoning is his contention that the "new immigration" has been the cause of shorter hours of labor, of the growth of trades unions, and of improved factory inspection. *Post hoc, propter hoc*. These changes have been almost world-wide, occurring in countries like England and Australia, which have practically no immigration, as well as in France and Germany, which have. It may be noted in passing that, in these and other matters, the author relies upon the figures of the commission where they happen to support his views, and attacks them as unreliable where they do not.

Dr. Hourwich dismisses in six pages General Walker's theory that immigration has had a profound effect upon the native birth-rate, although most economists agree with General Walker, as did the Industrial Commission. Because "no decrease of the number of common laborers among native whites of native or foreign parentage appears in any of the great states which serve as receptacles for immigration" (p. 11), and because since the new immigration "the number of American-born employees of every parentage has more than doubled" (p. 11), he argues that there has been no displacement of native labor. But, in the normal course of things, there should have been a very large increase in the employees of native stock; and the author does not show that the increase was not chiefly due to the descendants of immigrants, who though politically native were racially foreign.

Another example of lack of perspective is the author's habit (*e.g.*, pp. 31, 319, 336) of comparing conditions in the Southern and Western states, which have received little immigration, with the Northern and Eastern states; and of arguing that any improvements in the latter have been due to the new immigration.

They might as well be attributed to the old immigration which has had the greater measure of political control; but, in fact, organization and regulation of industry largely depend upon density of population. He argues that because scarcity of labor in the Western farming states has not raised wages to the level of the Eastern manufacturing states, restriction of unskilled labor would not raise wages in the latter; and, on the last page of the book, he classes restriction with the greenback and free silver delusions. If his theory is correct, our people must indeed be deluded; for, among those appearing at congressional hearings during the last twenty years, practically every employer of labor has objected to restriction because it would raise wages, and every wage-earner to free immigration because it lowered wages. Were they all mistaken? According to the author's logic, all that would be necessary to produce much better conditions for everybody would be the importation of some millions of Chinese and Hindus; but the Pacific slope has been sufficiently deluded to prevent that.

Many of Dr. Hourwich's figures cannot be verified at this time, as the report of the Immigration Commission is not yet published; but attention may be called to one or two cases of the careless or casuistic use of statistics. On page 70 he compares the illiteracy of immigrants with the illiteracy of the countries from which they come, and says: "These statistics prove that measured by intellectual standards the average immigrant is above the average of his countrymen who remain behind." But it has been repeatedly pointed out, as Dr. Hourwich ought to know, that the figures of the illiteracy of immigrants, based as they are on the immigrants' own statements, are absolutely unreliable for purposes of comparison. The alien has no motive to lie to the census-taker in his own country; but his desire to stand as well as possible, and the coaching instructions given him, partly with the object of minimizing apparent illiteracy, make him frequently give false replies to the inspectors on this side. The writer has personally tested this matter at Ellis Island for a number of races, and found enough fraud to vitiate any such comparison as is here attempted. Similar considerations apply to the statements of aliens that they are going to join friends or relatives (*cf.* p. 94).

On page 353, Dr. Hourwich gives the number of all defectives and delinquents in 1904, according to the census, as 634,877; and in 1908, according to the Immigration Bureau, as 610,477,

and says: "A comparison of these figures clearly shows that the large immigration of the five-year period 1903-1908 was accompanied by an actual decrease of pauperism and crime." The inference intended to be drawn is that the good quality of the immigration improved the total population in these respects. It is a cardinal rule never to compare the figures of different bureaus of the government if it can be avoided. It is also well known that the instructions to enumerators issued by the Immigration Bureau and by the Census Bureau were not identical, although the headings of the tabulated results are similar. If we compare the enumerations of alien defectives and delinquents by the Immigration Bureau in 1904 and 1908, we find the following:

Alien Inmates of Penal, Insane, and Charitable Institutions of Continental U. S., Porto Rico, and Hawaii

	1904	1908
Total	44,985	60,339
Charitable	15,396	19,470
Penal	9,825	15,306
Insane	19,764	25,563

In other words, alien defectives and delinquents, in spite of deportations, increased 15,354, or 34 per cent, between 1904 and 1908. If Dr. Hourwich's figures are correct, there must have been a marvellous falling off in the number of native and naturalized defectives and delinquents during this period; but the true explanation probably is that he is comparing groups of different areas. Whatever the explanation is, the figures given above show exactly the opposite of his contention.

On page 354, the author argues that the new immigration is desirable because it furnishes a smaller percentage of pauperism than the old; yet, on page 357, he quotes Dr. Claghorn's very just conclusion that pauperism "is the result of a considerable period of life and experiences here." There is nothing to show that the new immigration will not furnish even more paupers than the old when it has been here as long.

It would seem that, in a volume devoted entirely to the economic aspects of immigration, there should be some discussion of the question why, if we are to have a tariff at all, it should not be applied to labor as well as to commodities. But the word "tariff" does not appear in the index, and the subject is not dealt with in the text. Space does not permit a detailed notice of the many points Dr. Hourwich makes. The book is full of valuable statistics

and comments, and should be read by everyone studying immigration; but the general conclusions in it should be accepted with caution.

PRESCOTT F. HALL.

The Negro at Work in New York City. A Study in Economic Progress. By GEORGE EDMUND HAYNES. Columbia University Studies in History, Economics and Public Law, Vol. XLIX, No. 3. (New York: Longmans, Green and Company. 1912. Pp. 158. \$1.25.)

This is a companion volume to the study made among the negroes in Philadelphia by Dr. W. E. B. Du Bois. It is based upon the records of 2,500 negro families, comprising 9,788 persons, from the schedules of the state census of 1905. There are two general divisions, the first dealing with negro wage-earners, and the second with negro business enterprises. The results show that the working population is composed largely of adults born in the southern states and the West Indies. Over 40 per cent are engaged in domestic and personal service, and 20 per cent in trade. Although the negro servant ranks well as far as regularity, capability, and honesty are concerned, the wages for this class are low. In mechanical pursuits the negro must be above the average in skill and intelligence if he would obtain the same wages as the whites. The author estimates that the number of business enterprises in the hands of negroes in Manhattan is about 475. In 309 of these, schedules were obtained by a personal canvass and material for the second part of the volume thus procured. The West Indian negroes seem to have been more successful in business. All of the establishments were doing retail business and in many cases were handicapped by lack of capital, yet the volume of business done is surprisingly large.

The statistics for the first half of the volume are not quite as satisfactory as are those for the portion devoted to business enterprises. Many questions were not answered in the census inquiry of 1905, and in these cases about 400 negro workers were personally visited—too small a number for a statistical investigation of this kind. The tables are well made and intelligible. The volume is a distinct contribution to our knowledge of the progress of the colored race and it is to be hoped that it will stimulate an interest in other students to make similar investigations in other large cities.

Yale University.

W. B. BAILEY.

Die grossstädtischen Agglomerationen des Deutschen Reichs 1871-1910. By SIGMUND SCHOTT. Schriften des Verbandes deutscher Städtestatistiker, 1. (Breslau: Druck und Verlag von Wilh. Gottl. Korn. 1912. Pp. iv, 130. 3.40 m.)

A most auspicious beginning is made in this the first of a series of publications concerning the statistics of German cities. There were in 1910, 48 cities of over 100,000 population in Germany; their total population was about 13,800,000, comprising 21.3 per cent of the population of the kingdom.

The "agglomeration" refers to the population included within two circles, one with a radius of 5, and the other of 10 kilometers. A point was selected, after careful study, as the center of each city and from this arbitrary point the circumferences were constructed. Thirty-seven cities were covered in this way. The other cities were not separately studied because they were so near a larger city as to fall within the outer circle. Other circles were drawn at a distance of 6, 7, 8 and 9 kilometers from the center and the population and density was calculated for each of these circles. In some cases the business streets of the city were also classified separately and in most cases there had been a steady decrease in the population of the business section of the cities. There was by no means a regular decrease in the density as the radius of the circle increased.

The Bureau of the Census in this country has studied the population of our large industrial centers but it will be difficult to duplicate a study of this kind in the United States as long as the statistics of our cities are published by wards or election districts. The material is available in the Bureau of the Census, but to combine it in such a way as to show changes in density by concentric circles would require a vast expenditure. It is to be hoped that sometime material for a similar volume may be published in this country. The adoption of a uniform area of measurement in our large cities is to be strongly commended. Much is to be said in favor of a twenty-acre unit proposed by the Bureau of the Census and if funds for this purpose were available raw material for social and economic studies of great value would be furnished.

WM. B. BAILEY.

Yale University.

NEW BOOKS

BORNTRAEGER, J. *Der Geburtenrückgang in Deutschland. Seine Bewertung und Bekämpfung. Auf Grund amtlichen und ausseramt-*

lichen Materials. Veröffentlichungen aus dem Gebiete der Medizinalverwaltung, 13. (Würzburg: Kurt Kabitzsch. 1913. Pp. 176. 4 m.)

HENRY, J. R. *Some immigrant neighbors.* (New York: Fleming H. Revell. 1912. Pp. 93. 40c.)

ISCHCHANIAN, B. *Die ausländischen Elemente in der russischen Volkswirtschaft.* (Berlin: F. Siemenroth. 1913. 7 m.)

LANGE, A. *Die unehelichen Geburten in Baden. Ein Untersuchung über ihre Bedingungen und ihre Entwicklung.* (Karlsruhe: G. Braun. 1912. 3.60 m.)

LOHR, O. *The first Germans in North America and the German element of New Netherland.* (New York: G. E. Stechert & Co.)

RAFLIN, N. *Le placement et l'immigration des ouvriers agricoles polonais en France.* (Paris: Berger-Levrault. 1913. Pp. 30. 1 fr.)

SNOW, E. C. *The intensity of natural selection in man.* Drapers' Company research memoirs. (London: Dulau. Pp. 43. 3s.)

Asserts that a high mortality in infancy (the first two years of life) is followed by a correspondingly low mortality of childhood, and conversely. The investigation substantiates for a general population the results found by Pearson and Ploetz for more restricted populations, and disagrees with many statements made in the Local Government Board's report on infant mortality.

THOMPSON, J. W. Co. *Population and its distribution. Compiled from the United States census figures of 1910.* (New York: J. Walter Thompson Co. 1912. Pp. 89. \$2.)

A convenient compilation for use by selling departments of business houses, in which lists of cities are given according to population, and distribution by character of retail business and by numbers of farm families.

TONNIGES, C. *Der Geburtenrückgang und die drohende Entvölkerung Deutschlands.* (Leipzig: H. Hedewig's. 1912. Pp. iii, 63. 1 m.)

WARNE, F. J. *The immigrant invasion.* (New York: Dodd, Mead. 1913. Pp. 336. \$2.50.)

To be reviewed.

WOLF, J. *Das Zweikindersystem in Anmarsch und der Feldzug dagegen.* (Berlin: A. Hirschwald. 1913. Pp. xi, 36, 1 m.)

— *Birth registration; an aid in protecting the lives and rights of children; necessity for extending the registration area.* (Washington: U. S. Dept. of Commerce and Labor, Children's Bureau. 1913. Pp. 24.)

— *Statistique du mouvement de la population. Années 1907, 1908, 1909 et 1910.* (Paris: Berger-Levrault. 1913. Pp. cviii, 253. 5 fr.)

Social Problems and Reforms

NEW BOOKS

ARONOVICI, C. *Housing conditions in Fall River*. (Fall River, Mass.: Associated Charities Housing Committee. 1912. Pp. 29.)

The report is based upon an investigation made by the Bureau of Social Research of New England for the Housing Committee of the Fall River Associated Charities. Investigation lasted for six weeks and covered 279 buildings containing 1171 apartments with a population of 5980 persons, or 5 per cent of the population of Fall River. More than ordinary discrimination has been shown in the treatment of the subject. This ranks among the first of housing reports for directness and accuracy of statement, elimination of superfluous data, and restraint of diction. J. F.

BALCH, W. M. *Christianity and the labor movement*. (Boston: Sherman, French & Co. 1912. Pp. 108. \$1.)

BIGET, H. *Le logement de l'ouvrier, étude de la législation des habitations à bon marché en France à l'étranger*. (Paris: Jouve et Cie. 1913. Pp. 500. 5 fr.)

BLAKEY, L. S. *The sale of liquor in the South. The history of the development of a normal social restraint in southern commonwealths*. Columbia university studies in history, economics and public law, LI. (New York: Longmans. 1912. Pp. 56.)

BLOCH, I. *Die Prostitution*. (Berlin: Louis Marcus. 1912. Pp. 870. 10 m.)

BRASSEUR, H. and CREPLET, L. E. *Les maisons ouvrières. Etude au point de vue économique et applications dans le domaine des chemins de fer de l'état belge*. (Paris: Dunod & Pinat. 1913. Pp. 38. 1 fr.)

CAHEN, G. *Le logement dans les villes. La crise parisienne*. (Paris: Alcan. 1913. Pp. 292. 3.50 fr.)

CONERT, I. H. *Die sächsischen Terraingesellschaften und ihr Einfluss auf die Stadterweiterung*. (Leipzig: Duncker & Humblot. 1913.)

COOLEY, E. G. *Vocational education in Europe*. (Chicago: Commercial Club. 1912. Pp. 347.)

COULTER, E. K. *The children in the shadow*. Introduction by JACOB A. RIIS. (New York: McBride, Nast & Co. 1913. Pp. xvii, 277. \$1.50.)

The former clerk of the New York children's court and founder of the "Big Brother" movement gives a graphic account of child delinquency in New York and interprets it in relation to the delinquency of the parent and of the community.

CROTCH, W. W. *Charles Dickens and social reform*. (London: Chapman & Hall. 1913.)

DANIELSON, F. H. and DAVENPORT, C. B. *The hill folk. Report on*

- a rural community of hereditary defectives. (Cold Spring Harbor, N. Y.: Eugenics Record Office. 1912. Pp. 56. 75c.)
- DODGE, H. H. *Survey of occupations open to the girl fourteen to sixteen years.* (Boston: Girls Trade Educ. League. 1912. Pp. 39. 25c.)
- HAASE, O. *Das Problem der Wohnungsgesetzgebung.* (Berlin: F. Vahlen. 1913. Pp. 160. 3 m.)
- JACQUET, L. *L'alcool; étude économique générale, ses rapports avec l'agriculture, l'industrie, le commerce, la législation, l'impôt, l'hygiène individuelle et sociale.* (Paris: Masson et Cie. 1912. Pp. xviii, 944. 17 fr.)
- LEONHARD, S. *Die Prostitution, ihre hygienische, sanitäre, sittenpolizeiliche und gesetzliche Bekämpfung.* (Munich: E. Reinhardt. 1912. 4 m.)
- PICHT, W. *Toynbee Hall und die englische Settlement-Bewegung.* Archiv für Sozialwissenschaft und Sozialpolitik, 9. (Tübingen: J. C. B. Mohr. 1913. Pp. xi, 217. 6 m.)
- RUSSELL, J. E. and BONSER F. G. *Industrial education.* (New York: Teachers' College, Columbia Univ. 1913. Pp. 65. 30c.)
- STAMMHAMER, J. *Bibliographie der Social-Politik.* Two volumes. (Jena: Fischer. 1912. Pp. vi, 881. 30 m.)
Covers books and articles published from 1895 to 1911.
- STELZLE, C. *American social and religious conditions.* (New York: Fleming H. Revell Co. 1912. Pp. 240. \$1.)
- STONE, D. *Divorce and remarriage; an address on the majority and minority reports of the Royal Commission on Divorce and Matrimonial Causes; with an appendix of authorities.* (New York: Longmans. 1913. Pp. 39. 40c.)
- THOMPSON, M. H. *Environment and efficiency; a study in the records of industrial schools and orphanages.* Birmingham studies in social economics and adjacent fields. (New York: Longmans. 1912. Pp. 100. 75c.)
- WILSON, W. H. *The evolution of the country community; a study in religious sociology.* (Boston: Pilgrim Press. 1912. Pp. xvii, 221. \$1.25.)
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- Converging views of social reform. Lectures on the life of the industrial worker, given at the Interdenominational Summer School at Sanwick, Derbyshire, June 22-29, 1912.* (London: Dent. 1s. 6d.)
- Report of the Lawrence survey. Studies in relation to Lawrence, Mass. made in 1911.* (Andover, Mass.: The Andover Press. 1912. Pp. 263.)
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- Social service series. Comprising Child Labor, O. R.*

LOVEJOY; *Disruption of the home*, G. C. CHASE; *One rest-day in seven*, O. C. HORSMAN; *Workingmen's insurance*, C. R. HENDERSON; *The housing problem*, J. C. KENNEDY; *The church in the country town*, C. O. BEMIS. (Philadelphia: Am. Baptist Pub. Soc. 1913. 10c each.)

Year-book of social progress for 1912. Summary of recent legislation, official reports, and voluntary effort, with regard to welfare of the people. (London: Nelson. 1912. Pp. viii, 617. 2s.)

Die Forderungen der deutschen Wohnungsreformbewegung an die Gesetzgebung. (Göttingen: Vandenhoeck & Ruprecht. 1913. 1.20 m.)

Insurance and Pensions

An Introduction to the History of Life Assurance. By A. FINGLAND JACK. (New York: E. P. Dutton and Company. 1912. Pp. xii, 263. \$2.50.)

The two parts into which this book is divided might almost have been bound separately, under different titles.

The first and longer part is a survey of the gild system. It is a coherent and comprehensive sketch, with not much more emphasis upon charitable and mutual relief than would be found in a treatment having no thought of the bearing of gilds upon life insurance. The author explains, "I have thought it necessary to devote a large portion of the book to a consideration of the Gilds, because the relief for which they were responsible was so much a part of their nature that to seek to deal with it without reference to general development and characteristics would lead to wrong impressions" (p. ix). But the survey goes far beyond "reference" to general characteristics. The chapters on the Roman Collegia, the Frith Gilds, the Social-Religious Gilds, and Gild Relief naturally emphasize mutual aid, especially burial and support of families of sick or deceased brethren; but an equal number of chapters, relating to Gild Beginnings, the Merchant Gilds, and the Craft Gilds, lay no special stress upon mutual benefits. The survey is a conscientious summary of the best secondary authorities, both German and English, and is scholarly, though making no pretense of originality. But it is difficult to resist the conclusion that interest in the gild system seriously diverted the author from his original intention of writing an introduction to the history of life insurance; unless, indeed, the introduction to the history grew out of a study of the gild system, which is unlikely.

The second part of the book consists of a series of brief sketches somewhat unfortunately entitled *Other Influences*. Part II has, in fact, a unity not revealed in its title. It consists of a series of chapters taking up in logical order the canonist doctrine of usury; its application to contemporary institutions, such as rent charges and *montes*; *gambling insurance*; *the schemes of Holtzschuher, Orbrecht, and Tonti*; the science of life contingencies; and early experiments in life insurance. None of these chapters is exhaustive, nor gives as full a treatment of its subject as may be found elsewhere, but, taken together, they constitute a very readable and clear sketch of the theories and practice of interest and of life contingencies to the time of the founding of regular life insurance companies.

It is somewhat surprising that so little attention is given to the early development of branches of insurance other than life insurance. Since the author's avowed intention is to examine "certain main factors in the development of the insurance idea," it is not easy to understand why he inquires so minutely into *gild affairs* and nearly neglects the development of *property insurance*.

While the author modestly subordinates his own views in the body of the work, his introductory chapter is a good piece of reflection. Without aiming to present new views or new facts, this work performs a very useful service in the careful examination and comparison of authorities.

WILLIAM H. PRICE.

Yale University.

NEW BOOKS

ASHLEY, A. *The social policy of Bismarck*. Preface by G. von SCHMOLLER. Birmingham studies in social economics and adjacent fields, III. (New York: Longmans. 1912. Pp. xi, 95. 75c.)

The nature and history of state socialism: Bismarck's character, career and views; the intention and provisions of German and English workmen's insurance legislation; and the value of the method of insurance—these large themes are the basis of an essay that is at least clearly and forcibly written. Nothing new in the way of fact appears; the discussion of theory is suggestive.

R. F. F.

BULLOCK, E. D. *Selected articles on compulsory insurance*. Debaters' handbook series. (Minneapolis: H. W. Wilson Co. 1913. Pp. xxxv, 266. \$1.)

The volume consists of the following parts: (1) introductory

argument for compulsory social insurance; (2) a select but fairly complete bibliography of books, pamphlets, documents and magazine articles covering the general subject of social insurance, industrial accidents and workmen's compensation, insurance plans of individual corporations, old-age pensions, and unemployment insurance; (3) selected articles on compulsory insurance, which take up the main paging of the book. The articles represent pretty well the most carefully worked out thought on the various social insurance proposals. Both pros and cons are fairly considered; still the preponderance of articles favor some sort of social insurance scheme. The book will have considerable value not only for the young debater but for any person who is seeking well selected material for his general information on the subject in question.

JOHN BAUER.

CONTANT, A. *Le guide des assurés*. Vol. III. *Assurance-vie*. (Paris: P. Roger & Cie. 1913. 2 fr.)

GUTKNECHT, A. *Commentaire de la loi fédérale sur l'assurance en cas de maladie et d'accidents*. Part I. *L'assurance-maladie*. Translated from the German into French by PAUL LOGOZ. (Zurich: Art. Institut Orell Füssli. 1912. Pp. 164. 4 fr.)

JOACHIM, H. and KORN, A. *Der Arzt in der Reichsversicherungsordnung, seine Rechte und Pflichten*. (Jena: Fischer. 1912. Pp. xiv, 142. 5 m.)

JÖRGENSEN, N. R. *Grundzüge einer Theorie der Lebensversicherung*. (Jena: Fischer. 1913. Pp. x, 408. 12 m.)

KAUFMANN. *Licht und Schatten bei der deutschen Arbeiterversicherung*. (Berlin: Springer. 1913. 0.60 m.)

LEFORT, J. *L'assurance contre le chômage en France et à l'étranger*. (Paris: Fontemoing et Cie. 1913. 12 fr.)

LAURENT, H. *Théorie et pratique des assurances sur la vie*. (Paris: Gauthier-Villars. 1913. Pp. 176. 2.50 fr.)

LUXEMBURG, M. *Russische obligatorische Arbeiterversicherung*. (Warschau: Gebethner & Wolff. 1912. Pp. 60. 2 m.)

MANES, A. *Versicherungswesen*. (Leipzig: B. G. Teubner. 1913. 11 m.)

PIC, P. *Les assurances sociales en France et à l'étranger*. (Paris: Alcan. 1913. 6 fr.)

WATTS, J. H. *The law relating to national insurance*. (London: Stevens & Stiles. 1913. 12s. 6d.)

YOUNG, M. *The science and art of writing life insurance*. Revised edition. (New York: New York Insurance School. 1912. Pp. 217. \$5.)

Abstract of the proceedings of the association of life in-

insurance medical directors of America. (New York: Knickerbocker Press. 1912. Pp. 295.)

Medical benefit. Statements as to the administration of, with correspondence between the Chancellor of the Exchequer and the British Medical Association. 6520. (London: King. 1913. 4d.)

-Recueil de documents relatifs aux assurances sur la vie, réunis par le ministère du travail. No. 6. (Paris: Berger-Levrault. 1912. Pp. 492. 5.25 fr.)

Sammlung von Versicherungsbedingungen deutscher Versicherungsanstalten. Vol. V. *Die im Jahre 1912 geltenden Bedingungen sämtlicher Versicherungszweige.* Part I. *Lebens-, Unfall- und Haftpflichtversicherung.* Part II. *Transport-, Feuer-, Hagel-, Vieh-, Einbruchdiebstahl-, Glasversicherung und sonstige kleinere Zweige.* (Berlin: E. S. Mittler. 1912. Pp. 187; 199.)

A description of the terms of German insurance regulations referring to others than life insurance. The regulations applying to eighteen different kinds of insurance are discussed, especial attention being given to fire and stock insurance.

Stenographischer Bericht der Verhandlungen vom 25. November 1912 über die Organisation einer gemeinnützigen nationalen Volksversicherung. (Berlin: Julius Sittenfeld. 1912. Pp. 63.)

Pauperism and Charities

The Spirit of Chinese Philanthropy. A Study in Mutual Aid.

By YU-YUE TSU. Columbia University Studies in History, Economics and Public Law, Vol. L, No. 1. (New York: Longmans, Green and Company. 1912. Pp. 120. \$1.00.)

Throughout this study the word philanthropy is to be taken in the deepest and broadest sense as including every aspect of humanitarian effort. The author has accordingly divided the major part of his material into three clearly differentiated parts, Charity, Mutual Benefit, and Civic Betterment. Before discussing the first of these divisions, Dr. Tsu devotes a chapter to a general treatment of Chinese "philanthropy in thought and practice," including under this caption a summary of the attitude of Chinese writers, ancient and modern, on philanthropy as a virtue, and a review of the history of philanthropy, with a brief presentation of the scope and character of present-day philanthropy in China; and also a chapter on population and social well-being. In the latter, he presents in turn the causes of overpopulation of large areas of China—rural conditions, ancestor worship, early marriage—and the bad effects of such overpopulation. He advocates an intelligent control of the birth-rate.

Under Charity, the first of the threefold division of his thesis, the author discusses seriatim the present charitable provisions for (1) aged men, (2) aged women and widows, (3) dependent children, and (4) destitute sick. Mutual Benefit, the second division of the study, contains descriptions of (1) the clan organization in China, (2) the village community, (3) provincial and district clubs, (4) trade and crafts guilds. These various forms of association in China have their roots in the remote past and have afforded for a long time a natural basis for the practice of mutual aid and protection.

The section on Civic Betterment, the third main division of the volume, contains brief descriptions of the Chinese government, in theory and in practice (the study was made before the recent revolution), and an account of the expression of the philanthropic spirit of the people in such public benefactions as the maintenance of free charity schools, life-saving associations, public roads, lights, and bridges. The monograph closes with a chapter on the Rise of National Self-Consciousness and Solidarity.

FRANK D. WATSON.

Socialism and Co-operative Enterprises

Coöperation in Agriculture. By HENRY W. WOLFF. (London: P. S. King and Son. 1912. Pp. 378. 6s.)

Coöperation in New England. Urban and Rural. By JAMES Ford. (New York: Survey Associates, Inc. 1913. Pp. xxi, 237. \$1.50.)

Few, if any, other writers on agricultural coöperation are so well known to students of the subject as is Mr. Wolff. For thirty years he has been busy collecting facts and experiences which from time to time have made their way to the press. In the volume on *Coöperation in Agriculture* Mr. Wolff brings to bear on the subject the wealth of information gained in experience, in previous studies, as chairman of the International Coöperative Alliance, and as a member of the Executive Committee of the Agricultural Organization Society of his home country.

That Mr. Wolff believes in coöperation among farmers is seen from the statement in the first page of the introduction: "It has been found to put fresh heart into agriculture where declining and to carry remunerative cultivation into previously neglected parts." Yet he recognizes the undoubted fact that organizations as such are only means to an end; the coöperative spirit cannot

be put into the rules; coöperation has no magic in it; it is a simple method by which a number of persons may attain a common object—these sentiments at once class the author as one acquainted with coöperation at work rather than on paper only.

In the chapter on General Principles are laid down the conditions requisite to success. In the main they are: strict responsibility; expert management; adequate auditing facilities; ample funds, preferably their own. He doubts the wisdom of doing business with non-members, and is confident that the business of members must be assured. A great point in favor of coöperation is the establishment of a brand of goods, and discipline over members in requiring them to live up to the conditions of maintaining it.

While Mr. Wolff does not undertake to give a complete history of coöperation as found on the continent of Europe, in many instances he comes little short of it, even going at times into the technicalities of the agricultural methods underlying the marketing process. Coöperation has been slow to take hold of the English farmers, a misfortune which Mr. Wolff believes to be due in part to the attitude of the government toward the movement.

Dr. Ford has given a succinct account of coöperation both past and present in New England. The book is divided into two parts, the first dealing with urban coöperation, the second with rural. In part I is discussed the Nature of Coöperative Enterprise, Survivals of Early Movements, Association Among Immigrants, Coöperation in Manufacture, and Needs and Trend of the Movement. It is shown that urban coöperation in New England is important though not extensive; it has had many discouragements, but especially within the past few years has been making a creditable showing.

In the second part of the book Dr. Ford deals with a subject about which information is much less widespread than is the case with urban coöperation. He classifies agricultural coöperation under two main heads: first, that in connection with the general purchase or sale of goods; second, that concerned with the interest of some special crop. In connection with the study of general coöperation, a sketch of the history and present status of the grange in New England is presented. It is the opinion of the author that much of the spirit of coöperation made prevalent is attributable to the influence of the grange. Under

Coöperative Sale of Produce, facts are presented concerning the marketing of flowers, garden-stuff, maple sugar, potatoes, tobacco, and fruit. A chapter is devoted to Coöperation in the Dairy Industry, in which it is shown that the creamery and cheese factory business of New England has been for some years on the decline. Nevertheless, there are many instances of conspicuous success of coöperation in this business.

It is the judgment of the author that "The practicability of coöperation in New England has been proved by the continued existence through more than twenty years of many societies, both urban and rural." Yet this result has been obtained in spite of the "two chief obstacles to coöperative success—ignorance of proper methods and isolation." Dr. Ford has faith that coöperation has potentially the power of "moralizing trade, and reducing the cost of living," and at the same time of furnishing the general public "training in the management of big common business."

Although Dr. Ford does not treat every type of agricultural coöperation in New England, the work seems to be, in the field covered, very complete.

BENJAMIN H. HIBBARD.

University of Wisconsin.

La Gestion par l'Etat et les Municipalités. By YVES GUYOT.
(Paris: Librairie Félix Alcan. 1913. Pp. viii, 437. 3.50 fr.)

Two fundamental ideas run through this book which deals with state and municipal socialism. In the first place, it is written from a subjective viewpoint though the method of treatment is objective, the arguments being enforced by a telling array of facts drawn from numerous states and municipalities. The author frankly avows that it is written to counteract the influence of the socialistic school of M. Ed. Milhaud: "It is necessary to place at the disposal of the great public the exact facts, showing their self-conceit and the 'bluff' of their programs." In the second place, the work presents an extremely individualistic point of view. The author comes to the general conclusion that neither the state nor the municipality should undertake any enterprise that can be undertaken by an individual; that the operation of public utilities should be left to private enterprise; their control, to the state and municipality. The results of public administration of railways and tramways form the bulk

of the volume but none of the recent social activities, such as municipal housing, are omitted. It is a general, though not dispassionate, plea for the laissez faire principle.

KARL F. GEISER.

Oberlin College.

NEW BOOKS

- BEER, M. *Geschichte des Sozialismus in England*. (Stuttgart: J. H. W. Dietz. 1913. Pp. xii, 512. 6.50 m.)
- BELLOC, H. *The servile state*. (London: T. N. Foulis. 1912. Pp. 189. 1s.)
- COMPÈRE-MOREL and others. *Encyclopédie socialiste, syndicale et coopérative de l'internationale ouvrière*. (Paris: A. Quillet. 1912. Pp. 524. 5 fr.)
- DESLINIERES, L. *Projet de code socialiste*. Vol. III. *Organisation administration*. (Paris: Giard & Brière. 1913. 2.25 fr.)
With this volume the work is complete.
- ENOCH, C. R. *The land laws and "socialism" of the Incas of Peru*. (London: King. 1912. 6d.)
- ERVINE, J. G. *Francis Place, the tailor of Charing Cross*. Fabian tract, 165. (London: Fabian Soc. 1912. Pp. 27. 2d.)
- GLASIER, J. B., editor. *The socialist year book, 1913*. (London: National Labour Press, Ltd., St. Bride's House, Salisbury Sq. 1913. 2s. 6d.)
- GOVI, M. *Il socialismo internazionalista e la guerra italo-balcanico-turca*. (Modena: G. T. Vincenzi e Nipoti. 1912. Pp. xvi, 208.)
- GRAHAM, J. *Individual industrial freedom and the way to prosperity*. (Brooklyn, N. Y.: The author. 1912. Pp. 325. \$1.)
- HILLQUIT, M. *Socialism summed up*. (New York: H. K. Fly. 1912. Pp. 110. \$1.)
- JUBINEAU. *L'idée de fédéralisme économique dans le socialisme français*. (Paris: Giard & Brière. 1913. 3.25 fr.)
- MARSTON, G. *Two hundred municipal ownership failures*. (Chicago: Pub. Service Pub. 1912. Pp. 29. 25c.)
- PASSOW, R. *Die gemischt privaten und öffentlichen Unternehmungen auf dem Gebiete der Elektrizitäts und Gasversorgung und des Strassenbahnwesens*. (Jena: Fischer. 1912. Pp. vi, 220. 6 m.)
- PAWLICKI, W. *Das genossenschaftswesen in der Provinz Posen*. "Zeitschrift für die gesamte Staatswissenschaft," Ergänzungsheft XLIII. (Tübingen: Laupp'sche Buchh. 1912. Pp. vi, 128. 2.85 m.)
- SANDERS, W. S. *The socialist movement in Germany*. Fabian tract, 169. (London: Fabian Soc. 1913. Pp. 27. 2d.)

- SENCIER, G. *Le Babouvisme après Babeuf; sociétés conspirations communistes (1830-1848)*. (Paris: Rivière. 1912.)
- SILVIN, E. *Why I am opposed to socialism. Original papers by leading men and women*. (Sacramento, Cal.: Edward Silvin. 1913. 75c.)
- STERN, H. I. *A socialist catechism*. (Berkeley, Cal.: H. I. Stern. 1912. Pp. 62.)
- STIEKLOFF, G. *La fraction "social démocrate" dans la troisième douma*. (Paris: Rivière. 1913. 0.75 fr.)
- WORTHINGTON, H. S. *Millionism vs. socialism; or timocracy vs. democracy*. (New York: Shakespeare Press. 1912. Pp. 190. \$1.)

Statistics and Its Methods

The Distribution of Incomes in the United States. By FRANK HATCH STREIGHTOFF. Columbia University Studies in History, Economics and Public Law, Vol. LII, No. 2. (New York: Longmans, Green and Company. 1912. Pp. 171. \$1.50.)

This essay attempts a comprehensive summary and critical analysis of the statistical material bearing on the subject of its title. A small amount of space is given to introductory general considerations. The sources of information are next reviewed. Previous treatment of the same subject, especially by Spahr and Nearing, is discussed and criticised. A chapter on The Distribution of Wages occupies one third of the available space. About one fifth as much is given to Incomes from Property. The essay concludes with two suggestions to the Census Bureau. A useful bibliography is appended.

It is not possible in a review to give "the gist of the matter" where the interest of the book reviewed lies in the material brought together rather than in conclusions arrived at. The author himself would apparently consider such positive conclusions as are drawn rather incidental. He says, "Knowledge of the distribution of incomes . . . in a form definite enough for practical use . . . does not exist" (p. 155). This and similar phrases suggest that the author is perhaps too little theoretical. The reviewer feels that more detailed statistical and theoretical analysis and a bolder forcing of conclusions from the data would be justified, and, indeed, will not cease to be necessary after more and better material is available. The extension of the census enumeration schedules in the ways suggested—asking the farmer the amount of rent and interest paid

(also in compilation classifying the incomes of farm families by size and by condition of operator) and asking for the rent or rental value of premises occupied by urban families—will not do away with the necessity of such procedure; nor will data resulting from income taxation under the sixteenth amendment. But a doctoral dissertation can seldom aspire to be more than a *Vorarbeit*.

The material used appears to the reviewer to be comprehensive. To it might be added the results of agricultural surveys such as the one dealt with in Bulletin 295 (March, 1911) of the Agricultural Experiment Station of the New York State College of Agriculture (see *AMERICAN ECONOMIC REVIEW*, vol. I, p. 630). Page 397 of this bulletin shows classified labor incomes on 749 farms in Tompkins County. Considerable detailed wage data for over 50,000 employees of lighting and transportation companies in New York city are made available by the First District Public Service Commission.

Much attention is paid to statistical technique, probably as much as is to be expected where the analysis is not carried farther. The significance that the mere aggregate number receiving some income, however small, from property (p. 146) can have, when the amount received by the individual counted is merely the return on a savings bank deposit put aside as a reserve rather than for the sake of income, seems doubtful, especially in the light of the idea of psychical income from consumable goods (p. 143 and elsewhere) according to which every man that owns the clothes he wears receives income from them and in so far enjoys income from property. The proposition that there is an income from insurance consisting of dividends credited on premiums is objectionable. That the comptroller of New York state has not the statistical interest or warrant to compile and analyze the returns under the transfer tax is not sufficient ground for saying that taxation in this case promises but slight aid. The material is there (in the Surrogates' files) merely waiting to be worked. The author makes no use of the idea of derivative income, but he does not attempt a synthesis of the data such as would make that conception important.

The reviewer feels so strongly that we need a quantitative theory of economic distribution and that the interest of such an essay as this is chiefly as a step towards such a development, that he may appear not to be duly appreciative of what has been done.

The book should doubtless be appraised from a less exacting viewpoint. As a critical compilation of income statistics it is unquestionably an eminently valuable piece of work.

G. P. WATKINS.

The Elements of Statistical Method. By WILLFORD I. KING.
(New York: The Macmillan Company. 1912. Pp. xvi,
250. \$1.50.)

The Elements of Statistical Method is not a comprehensive study; it does not present new material or methods; it is not a handbook of the sources of statistical data; it does not treat fully of the numerous practical problems connected with the collection, presentation, analysis, and judgment of definite classes of social and economic statistics, such as population, vital, price, trade, wage, and financial statistics. It does present in convenient shape statistical history and methods that can be found *in extenso* in the texts of such writers as Bowley, Meitzen and Yule. The author states in the preface that the book is meant "to furnish a simple text in statistical method for the benefit of those . . . who desire a general knowledge of the more elementary processes involved in the scientific study, analysis and use of large masses of numerical data. . . . No pretense whatever has been made, in this work, of presenting any but the most simple of the mathematical theorems upon which statistical method is based."

The questions to be considered in reviewing the book, then, are these: Is the subject matter well selected? Are the statements accurate and supported by adequate citation of authorities? Is the method of treatment good? Are the explanations clear?

A number of subjects that should be treated even in an elementary, methodological work on social and economic statistics are neither discussed in the text nor referred to in the index. For instance, there is no reference to "wages," "budgets," or "census." The extremely important subject of average indices of prices, wages, etc., is treated in three and one half pages, while skewness is given eight pages, and the ratio of variation is given sixteen pages.

The definition of correlation given is not well stated: "Correlation means that between two series or groups of data there exists some causal connection (p. 197)." In regard to index numbers of prices, Mr. King states that "if one wishes to study the effect of a changing volume of gold or of money on prices

... a change in the price of one article is just as good a criterion as a change in price of any other. The quantity or importance of the commodity does not enter into the question at all (p. 183).” Yet in discussing this very point Professor Irving Fisher found it necessary to examine in detail forty-four different varieties of averages of index numbers of prices¹ as a result of his conclusion that all prices must be included and weighted “in proportion to the amounts exchanged for the circulating medium.”² The author uses the unfamiliar terms “ogive” and “historigram” without citing precedent, and with the assumption that they are in common usage. He uses the term “histogram” erroneously to cover frequency-curves (p. 116). Professor Pearson suggested that term to denote the series of rectangles with widths corresponding to the class-intervals and heights corresponding to the class-frequencies of a frequency table. Mr. King gives as an “ideal measure of skewness” (p. 163):

$$\frac{\text{arithmetic average—mode}}{\text{the average deviation from the mode}}$$

On the other hand, Yule states in his *Theory of Statistics* (p. 150) that “there is, however, only one generally recognized measure of skewness” which is:

$$\frac{\text{arithmctic average—mode}}{\text{standard deviation}}$$

The author frequently omits to cite the authorities for his statements.

The plan of treatment is good. Methods are emphasized and data are used merely as illustrations. However, the mathematics is not always elegant. For instance, three or four lines each would be sufficient to demonstrate two propositions which the author treats in a page and a half (pp. 133, 135).

The explanations are clear, though brief, and not always entirely accurate. The author has done well to discuss such subjects as frequency curves, dispersion and correlation. Despite its shortcomings, *The Elements of Statistical Method* is the best text available in the elements of statistics for American classroom use. It should, however, be widely supplemented when so used.

WARREN M. PERSONS.

Colorado College.

¹ *The Purchasing Power of Money*, p. 400 et seq.

² *Yale Review*, May, 1902, p. 111.

Haushaltungsstatistik, Eine literarhistorische und methodologische Untersuchung. By GERHARD ALBRECHT. (Berlin: Carl Heymanns Verlag. 1912. Pp. viii, 126. 3.60 m.)

In an historical study of family budgets the author found the principal defect of the various investigators to be a lack of uniformity in method. He has therefore kept two points in view in this treatise, first to emphasize the importance of method and second to trace the development of the various methods from the broad and general treatment of family budgets by the earlier authors to the more narrow and precise analyses of the modern economists.

In its final analysis nothing is more richly significant of the economic well-being or otherwise of a community or people than their family budgets, true accounts of the incomes and expenditures of typical families. Only through an intimate knowledge of family budgets can an adequate notion be had of consumption, saving, profits, increase in productive goods, etc. The author points out that the entire modern tendency of economic theory hinges upon conceptions acquired through a study of original sources, chief among which are family budgets. A comparative study of family budgets on a large scale is also of great importance in any study of the possible changes in the value of gold as measured against prices. The statistics of family budgets, when properly grouped and compared with due reference both to time and place, throw much light also upon the causes and consequences of social and economic phenomena.

The first historical period or phase of development of family budgets closes, according to our author, with the appearance of the great work of Ed. Ducpétiaux entitled *Budgets Economiques des Classes Ouvrières en Belgique* (1855). To this period belong the English writers on political arithmetic, including Graunt, Petty, King, and Davenant. Here also is included Arthur Young's *Farmers Letters* (1767), the work of David Davies, A. Young, son of Arthur Young, and the important contribution of Sir Frederic Morten Eden (1797), entitled *The State of the Poor, or an History of the Labouring Classes in England*. Eden's classical work contained in its mass of information 73 complete budgets. Dr. Michael Jack, in Munich in 1816, and Ballin, in Saxony in 1841, contributed slightly to the literature of family budgets in Germany.

The results of the inquiry made by Ed. Ducpétiaux in Belgium were influenced by Eden's report and had also the benefit of the advice of Quetelet, the famous statistician. The final report appeared in 1855 and contained 83 city and 104 rural family budgets. The method of analysis was the best up to that time and among other features a distinction is made between money-wage and other sources of income. Families were separated according to whether or not the mother and children contributed to the total income. Expenditures were separated into three main classes—expenditures for physical and material needs, for religious, moral and spiritual needs, and for luxuries, and on account of improvidence.

After Ducpétiaux came two of the chief exemplars of what Albrecht terms the isolating method. These were Le Play in his *Les Ouvriers Européens* and Schnapper-Arndt in his various contributions to the German economic literature on family budgets.

The final and most informing, because most scientific, period of development is that termed the bookkeeping period. Leading exponents of this method have been Ernst Engel, Lexis, and other prominent economists not only of Germany, but of other countries as well. The bookkeeping method is a method that has been followed with success in many recent government investigations. Forms of accounts under this method can be prepared in advance and this makes possible a more detailed and uniform classification of income and expenditures than is otherwise obtainable. Since the needs of the investigation can thus be provided for in advance, the results are dependent chiefly upon the accuracy and extent of the accounts which can be secured.

In this treatise of 126 pages Dr. Albrecht has brought together an immense amount of material not elsewhere readily available. The bibliography of the German literature on the subject of family budgets, is, by itself, an extremely valuable contribution to knowledge and this extends through nearly 13 closely printed pages. The author's discussion of the theory of family budgets, the fundamental principles upon which they should be based, and the art of so arranging the statistics as to make them most informing are well worth the serious study of any writer on economics who may wish to get at the basis of distribution, consumption, wages, prices, surplus of production goods, and all the other primal factors which are best revealed through

family budgets. The author has not attempted to appraise some of the notable works in English of recent times such as Booth's great work on the London poor, Rowntrees' *York, A Study of Poverty*, More's *Wage-Earners Budgets*, Chapin's *The Standard of Living in New York City*, Streightoff's *The Standard of Living Among the Industrial People of America*, and many other important recent contributions to the world literature of family budgets.

Dr. Albrecht's work will remain for a long time the standard convenient summary of the history, theory, and method of household statistics.

F. S. CRUM.

Soziologie und Statistik. By FRANZ ZIZEK. (Leipzig: Verlag von Duncker und Humblot. 1912. Pp. 47. 1.50 m.)

The author of this pamphlet wishes to show a real connection between sociology and statistics. He describes the founding of the German Statistical Society, a division of the Sociological Society, as evidence of the effort to establish closer relations between the two sciences. The significance of statistics for the investigation of conditions among civilized people is pointed out and certain prominent European sociologists who have recognized this fact are cited—Schäffle, De Greef, Durkheim, and Tarde. The kinds of statistical data significant for sociology are briefly reviewed, and in more detail the author discusses four phases of social investigation in which statistics are especially of service: (1) the structure of society—the classes of the population, the division of labor, and the organization of activity; (2) the temporary character of the stability of social phenomena—the discussion passes from the old point of view, that observed regularities among social phenomena was a law of God, to the view held by Quetelet that such uniformities constitute a law of nature, and finally to the modern ideas of change and evolution; (3) statistics are useful in showing causal relations; (4) statistics also measure and record the phenomena which show the evolution of the human race and the improvement of the race. Students in America have long been familiar with these same ideas in the writings of Richmond Mayo-Smith, especially in his volume entitled *Statistics and Sociology*.

ROBERT E. CHADDOCK.

Columbia University.

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

The Bureau of Railway Economics, in Bulletin No. 45, presents a study of *Railways and Agriculture 1900-1910* (Washington, 1913, pp. 31). It is shown that the output of railways for the decade increased in ton mileage 80 per cent; in passenger mileage 102 per cent. At the same time the output of the ten principal crops increased but 9 per cent. The output of railway service increased 40 per cent and 56 per cent respectively, per mile of track, while the ten principal crops decreased one per cent in yield per acre. The low average yield per acre of corn is contrasted with the high yields which have at times been attained, and the doubtful statement made that "per-acre yields of from 175 to 200 bushels are not uncommon."

Notice is taken of the supposed fact that "in the railway field much in the way of unproductive or relatively unproductive investment is demanded in the public interest." In contrast to this condition "the agricultural plant, eliminating natural forces, is within the control of the farmer; within a practicable limit he can produce as much or as little as he chooses, and hence the responsibility for a large or a small product per acre within this limit is his alone." The output of the railway, it is stated, is much less under its own control. It is pointed out that the railroads have been extending their plant rapidly; the farmer very slowly. "The improved land in the farms of the United States amounts to but one-half of the total farm area"; hence, "it is clear that it is not because the farmer has no more land to cultivate that he has not enlarged his field of operations." In this the suggestion is strong that the unimproved land is held as a kind of reserve to be used at will. Before basing too many conclusions on these statements a study of the situation with respect to improved and unimproved land would be illuminating. In comparing the output per unit of plant it is asserted that in the states in which the wheat crop decreased the yield per acre increased, proving that it was the poorer wheat land which was transferred. However, the same *proof* is observable in the states of North Dakota and Kansas in which the area of wheat increased more than anywhere else. As a matter of fact, the year 1909 was a particularly good year for high yields of wheat.

The closing chapters deal with relative purchasing power of out-

put and the relative service of agriculture and railways in relation to the growth of population. In purchasing power the farm output has increased over 50 per cent; the railway output has decreased perceptibly. In the relation of the services of agriculture and railways to each thousand of population, that of agriculture has decreased while that of railways has increased.

The pamphlet is suggestive, although the inferences which the authors evidently intend the reader to draw are in many cases not the correct ones so far as agriculture is concerned.

BENJAMIN H. HIBBARD.

If the *Proceedings of the Second Annual Conference of the Bankers Committees on Agricultural Development and Education* (Minneapolis and Saint Paul, Aug. 7-8, 1912, pp. 366) were only the record of an organization that listened to speeches, passed resolutions, and adjourned, it would not be worth comment here, but it is instead the record of the deliberations of earnest men in conference with teachers of agriculture, manufacturers, and railroad presidents. It is a compendium of information on the present condition of agriculture and of rural life, and on what is being done and still needs to be done to improve those conditions. The addresses before the conference brought out the familiar facts that our yield of grain is about one half as much per acre as in western Europe, that we are exhausting the elements of soil fertility by operations more akin to mining than to conservative agriculture, and that the rural districts are losing population to towns and cities and to Canada.

At the same time, many corrective influences are at work. Our agricultural colleges are educating large numbers of young men and women, but too few, after all, to have much influence through their own farm work. The graduates of agricultural colleges will be most valuable as teachers in agricultural high schools, and, with practical farm experience, as county farm advisers. The agricultural colleges in more than thirty states are carrying on a great deal of extension work, and are bringing a good many farmers to the colleges for short winter courses. As Mr. James J. Hill, president of the Great Northern Railroad, said at the conference, it is the boys and girls who must be reached. Minnesota has more than 85 agricultural high schools, in which the teaching of agriculture and of home economics, carpentry, blacksmithing, and the like has a leading place in the curriculum.

But efforts are being made to reach the boys and girls below the high school age. Rural school districts are being consolidated, with the result of having one really good, graded school instead of half a

dozen of the one-room type. In some cases the pupils are being brought to and taken from the schools at the expense of the district. The consolidated schools are social centers, and promote community life. The view is directed toward the farm, in order that when the time comes to choose a vocation the pupil may take at least as intelligent a view of the possibilities in the country as of possibilities in the city.

The addresses of Mr. Howard Elliott, president of the Northern Pacific Railroad, and of Mr. Hill, president of the Great Northern, were notable. Mr. Hill has been working for better agriculture nearly thirty years. One of the devices of his railroad is the hiring of some 180 farmers, each to cultivate five acres of his own land according to the directions of the railroad. The result is that the next year the farmers want to cultivate a great deal more of their own land on the same plan. Mr. Hill illustrated the results to his railroad by saying that one station which formerly produced a revenue of about \$5,000 per annum was now, on account of the activities of the railroad and a young graduate of an agricultural college, producing a revenue of about \$20,000 per annum. Mr. Elliott told how his railroad had taken the agricultural colleges to the people by means of demonstration trains, about 4,000 miles having been covered in that way in 1912, farmers coming as far as fifty miles to hear the addresses and obtain the advice of the many experts in various departments of agriculture. Naturally, Mr. Elliott did not fail to make an effective plea for fair treatment of the railroad interests.

Bankers have been spasmodically active on behalf of scientific agriculture. Individual banks have given prizes for the best acre of corn, and last year the clearing houses in the Southwest, and other bankers' agencies, sent out circulars about the testing of seed corn. The result was that although the crop of 1911 was on the average very poor for seed purposes, seeds were selected with such care that the crop of 1912 broke most records. The most comprehensive effort of the bankers has been made in North Dakota, where, assisted by the railroads and the Bankers' Association, the North Dakota Better Farming Association has been organized, with a secretary at \$5,000 per annum. The association has placed about 25 men in various parts of the state. They maintain rotation plots and demonstration fields. They carry on demonstrations with live-stock, because unless farmers keep live-stock there is no cheap way of maintaining soil fertility. In connection with individual farmers, the association has a limited number of demonstration farms. The association has an accounting

division with a system of daily reports of work done on the farms, and the money cost thereof, to show whether a particular crop or a particular cow is profitable. About 600 farmers have enlisted as co-operators, and they are illustrating the new agriculture by working their own farms under the direction of the association.

One of the formal addresses was by Edward Rumely, in which he said:

In 1830 the work of growing a bushel of wheat on the farm required three hours of human time. Today, due to the introduction of improved machinery, a bushel of wheat contains only ten minutes of labor value. In other words, the unit of soil salts, worth over 20 cents in each bushel, sufficed to furnish employment for three hours; while today the wheat-selling farmer must part with that amount of his soil capital to sell ten minutes of his labor—a development of 1,800 per cent in the wrong direction.

It is not impossible, however, to conserve fertility. The deplorable saving of time of which Mr. Rumely speaks has been partly due to the agricultural machinery his own company makes, but the result could be overcome if each farmer, after working ten minutes, would spend two hours and fifty minutes running around the barn or sitting on the fence. In this address and in others it is assumed that the exchange of a product which includes a considerable value in natural resources, for a product the value of which is chiefly in its labor cost, is necessarily disadvantageous to the owner of the natural-resource product. This is, of course, not the case. One who, for example, sells 50 bushels of wheat for a watch, presumably receives something as valuable as the grain he delivers. What Mr. Rumely meant, and what later in his address he ably developed, was that tremendous national, economic gain will result from the increased efficiency and productivity that our labor will acquire through vocational training. But we shall continue to grow wheat with as little labor per bushel as we can, and we shall welcome fresh inventions that reduce the labor required.

Since the conference, bankers all over the country have been considering the employment of county farm advisers. Many advisers are already at work, experts at \$3,000 or so per annum, who can visit individual farms, tell what is the matter with the alfalfa stand, how to improve the corn yield, and give all manner of practical advice. Sometimes the bankers of the county and the commercial club at the county-seat pay all the cost; sometimes the county pays it, sometimes it is divided. One farmer rose in a meeting at the court-house and said the farm adviser idea was a malicious scheme to promote

the raising of such large crops as would depress the price, so that the farmer would receive less than ever. Most farmers know better, however. The work of the agricultural colleges has in recent years somewhat changed their attitude toward that part of learning that is acquired by study.

The amount produced per acre on American farms can be increased. Professor Carver points out that such increase does not necessarily imply an increase of product per man. The evidence of the volume under review warrants the belief that an increase of agricultural production both per acre and per capita is close at hand. The social value of such conference of business men and teachers is inestimable. Our primary education has been largely shaped for the needs of the two per cent who go to college instead of for the ninety-eight per cent who do not, or for the ninety-three per cent who do not reach the high school. A proper change in this respect will not impair the standing of our universities. The problems of American agriculture and education are real and serious. It is most encouraging that they are receiving the attention of so many practical men.

THORNTON COOKE.

The full text of part I of the report on *The Lumber Industry*, of which a summary was issued by the Bureau of Corporations in 1911 (see REVIEW, vol. I, p. 410), has now been published (Washington, Jan. 20, 1913, pp. xxiii, 301). The volume deals with standing timber only. It contains a reprint of a map, originally published in 1883, showing the land grants made by the federal government for railroads, with changes bringing the data down to date.

Tobacco Marketing in the United States, by E. H. Mathewson, contains a considerable amount of first-hand data in regard to current methods of distributing tobacco from the plantation to the manufacturers. There are chapters on the Maryland system, the loose-leaf auction-sales system, and the development of the western markets. (Washington, Dept. of Agriculture, Bureau of Plant Industry, Bull. No. 268, Jan. 24, 1913, pp. 67.)

Notes on Agricultural Conditions in Denmark is practically a summary of the lectures delivered in 1912 in various Southern states, by Minister Egan at the Court of Denmark. (Sen. Doc. No. 992, 62 Cong., 3 Sess., Jan. 4, 1913, pp. 34.) Exact data are presented in an attractive form.

Impressions of a visit to the Panama Canal are recorded in a pamphlet by Mr. Frank Trumbull, of the Chesapeake & Ohio Railway

Co. (71 Broadway, N. Y.). Comparisons of canal and railway service are offered in a spirit of cheerful wit and humor.

The Wisconsin State Board of Public Affairs has issued two additional parts in its *Report upon Coöperation and Marketing*. Part III deals with municipal markets (pp. 59); and part IV, with distribution or state coöperation (pp. 40). Part III was prepared by John F. Sinclair and Clark Hallam, and part IV by Mr. Sinclair alone. Data for municipal markets were obtained for European cities from consular reports, and for the United States, Canada, and Australia, by private correspondence. For this subject there is a six-page bibliography, with annotations by W. E. Jillson.

In an address on *Rural Health and Welfare*, delivered at the American Land and Irrigation Exposition in New York in Nov., 1912, Mr. Frederic L. Hoffman dwelt upon the more favorable experiences of the country as compared with cities, as to longevity and diminished disease liability. The published pamphlet contains a page of references of publications on farming for city-bred men.

Corporations

The "Seven Sisters" acts, passed in the state of New Jersey, on February 19, 1913, have attracted wide attention for two reasons: first because New Jersey has in the past been among the chief offenders in preventing progress towards the solution of the trust problem, and second, because they are thought to express the views of President Wilson in this regard. They consist of two new acts, three amendments to the Corporation act of 1896, and two amendments to the act concerning the punishment of crime, of 1898.

An analysis of the acts shows that several important principles are inaugurated.

(1) A trust is defined as being an "agreement between corporations, firms or persons" for any of the following purposes: (a) to create restrictions in trade or to acquire a monopoly, (b) to limit production or increase price, (c) to prevent competition, (d) to fix at any standard or figure the price of an article, (e) to preclude, directly or indirectly, free competition either among themselves or with others, (f) to make even oral agreements or have understandings whereby prices are affected.

(2) The personal responsibility of directors, officers, or agents for their acts is established, and they are made punishable for misdemeanor if found guilty.

(3) The signed details of purchases must be filed with the secretary of state, subject to inspection.

(4) Corporations are forbidden from asking different prices in different sections, with allowance, however, for differences of grade or quality and cost of transportation, "if the effect or intent thereof is to establish or maintain a virtual monopoly hindering competition or restriction of trade."

(5) Persons organizing, or wilfully using or suffering to be used a corporation, not only, as heretofore, for fraudulent purposes, but also "to be used in restraint of trade or in acquiring a monopoly" shall be guilty of a misdemeanor, and punishable.

(6) Permission to "purchase, acquire, hold and dispose of the stocks of other corporations of this state or elsewhere, and exercise in respect thereto all the powers of stockholders thereof" is withdrawn and definitely prohibited, except for certain purposes, namely: (a) as payment for debt, (b) as a temporary investment for surplus funds in a non-competing corporation, (c) as investment for benefit or insurance funds, (d) for depreciating or rebuilding purpose, or (e) as elsewhere permitted (§8), under inspection. This, however, expressly does not affect rights heretofore acquired.

(7) Mergers are to be approved by the board of public utility commissioners, and filed with the secretary of state, with a special provision that rights of creditors are not to be impaired.

OSWALD W. KNAUTH.

During January and February hearings were held before the Committee on the Merchant Marine and Fisheries of the House of Representatives on House Resolution 587 which called for an investigation of the so-called Shipping Combine. In all, 19 parts of these hearings have been published covering dates Jan. 7—Feb. 8, 1913 (pp. 1060). Aside from the special question of combination in the shipping industry, they contain much valuable information in regard to South American commerce and commercial practice between that continent and the United States.

The *Summary of the Report of the Commissioner of Corporations on the International Harvester Company* was issued March 3, 1913 (Washington, 1913, pp. 37). It is concluded that the position of the company is chiefly attributable to a monopolistic combination in the harvesting machine business, to certain unfair competitive methods, and to superior command of capital.

The *Annual Report of the Commissioner of Corporations* for 1912 (Washington, 1913, pp. 24) contains in two pages a concise gen-

eralization and summary of the two opposing principles of trust regulation. Mr. Conant, the commissioner, presents a ten-year review of the work of the bureau, and there is a bibliography of all the reports published.

A report of the Senate Committee on Interstate Commerce was submitted February 26, 1913, relating to *Control of Corporations, Persons, and Firms Engaged in Interstate Commerce* (Sen. Rept. No. 1326, 62 Cong., 3 Sess., pp. 24). It is a clear statement of the trust problem as it exists today, the more valuable in that it is brief and direct in expression. The majority of the committee believes in the Sherman act; does not recommend a federal incorporation law; and thinks it desirable to impose further restrictions upon those engaged in interstate commerce in order to maintain competitive conditions. It does not approve of governmental price regulation. The trend of judicial interpretations of the Sherman act is analyzed by a selection of eight typical cases adjudicated by the Supreme Court. The report favors the appointment of a commission (possibly an evolution of the Bureau of Corporations) to investigate, to impose rules upon corporations engaged in interstate commerce, for example, as to capitalization, and to recommend methods of disintegration.

Further issues of the Department on Regulation of Utilities of the National Civic Federation (1 Madison Ave., New York) are *Establishment and Change of Rates* (pp. 153); *Discrimination in Rates and Service* (pp. 149); *Regulation of Service* (pp. 69).

The National Association of Railway Commissioners has published a *Select List of References on the Valuation of Public Service Corporations*, compiled by Mary M. Rosemond, legislative reference assistant of the Iowa state library (pp. 25).

D. F. Jurgensen, Engineer of the Minnesota Railroad and Warehouse Commission, has published a brief pamphlet on *Railroad Valuation; Reproduction Cost New as a Sole Basis for Rates* (St. Paul, 1912, pp. 18). It is argued that the "cost of reproduction new" in principle as adopted by the master in the case, *Shepard v. Northern Pacific Railway Co.*, is erroneous.

In its *Report and Order in the Matter of Rates of the Public Service Gas Company for Gas* (Trenton, Dec. 26, 1912, pp. 66), the New Jersey Board of Public Utility Commissioners takes strong ground in favor of the strict cost-of-service theory as a basis of rate regulation. It flatly rejects present or past capitalization and earning

capacity, as well as present cost of reproduction, as elements in the problem. It allows an estimated return of 8 per cent, though without committing itself to any particular rate of return for all cases, on the estimated value, measured by cost, of physical plant and business developed and attended thereto. No allowance was made for good-will or value of franchises, but going concern value was allowed, even if acquired by the reinvestment of exorbitant past profits.

A. N. H.

H. T. Newcomb has prepared *An Examination and Analysis of the Postmaster General's Proposals Concerning Railway Mail Pay for the Committee on Railway Mail Pay* (pp. 86). It is claimed that the Postmaster General made important errors, and that the proposed reductions are unjust.

The Report of the Public Service Commission of New Hampshire on an Investigation of Railroad Rates (Concord, 1912, pp. 377) is one of the numerous documents called forth by the bitter controversy in New England in regard to the control and management of the Boston and Maine Railroad. Apart from this special import, it has a general interest as an illustration of a thoroughgoing inquiry into the principle of rate making. Chapter 12 deals with the subject of valuation of railroad property.

Labor

REORGANIZATION OF THE NEW YORK STATE DEPARTMENT OF LABOR. A general reorganization of the New York State Department of Labor is effected by an act passed in March, 1913. This law is the outcome of the work of a special factory commission, which has been making investigations for two years, and is regarded as the most important feature in a general program of reform and progressive legislation concerning conditions of work in factory and mercantile establishments proposed by that commission in more than a score of bills, a number of which have already been enacted, while the passage of most, if not all, of the others is generally regarded as certain. The most significant steps in advance provided for by the reorganization are: (1) an increase of inspection work; (2) an increase of investigation work; (3) regulation of conditions of work by departmental rules; (4) an increase in educational work.

More effective inspection work, both quantitatively and qualitatively, is the promise of the new law, by reason of an increase in number of inspectors and by provision of better salaries and a larger staff of technical men. More advanced than this, however, is provision

for more constructive investigation work by the creation of a new division of industrial hygiene, to consist of a physician, a mechanical engineer, a chemical engineer, and a civil engineer, with ten investigators, and whose duty it will be to make special investigations, with a view to formulating regulations and standards, with regard to industrial hygiene and safety.

Most advanced of all and of largest promise for future progress is the creation of an entirely new function and agency in the department—an industrial board, with power to issue rules and regulations, either in fulfillment of or supplemental to existing provisions of law, with a view to the protection of the lives, health, and safety of employees, such rules and regulations to have the force of law. In this board is embodied the idea of regulation of the conditions of work by administrative rules, long familiar in European practice and lately inaugurated in this country by Wisconsin in its industrial commission. The New York board is to consist of five members, including the commissioner of labor as chairman and four associate members appointed by the governor. The associate members will devote only the necessary time to the work of the board. Its essential function will be to pass upon and enact rules and regulations to be recommended by the division of industrial hygiene above referred to. The board will have no administrative functions outside of its own body, the entire administrative machinery of the entire department being under the sole control of the commissioner of labor appointed by the governor. The board is given power, however, to investigate and report upon “all matters touching the enforcement and effect” of the labor law or rules and regulations established by the board.

Finally, while neither so new nor so prominently featured in the new law as any of the above, but equally in harmony with present-day ideas in the regulation of industrial conditions, is the distinct purpose in the new law to enlarge the educational functions of the department. This is reflected most definitely in a redrafting of the sections regulating the Bureau of Labor Statistics (with a change of title to Bureau of Statistics and Information) with a view to enlarging its work and by inclusion of such educational work in the functions of the division of industrial hygiene also.

L. W. HATCH.

The Bureau of Labor of the Department of Commerce and Labor has begun a new series of bulletins under the title *Industrial Acci-*

dents and Hygiene Series. No. 1 is devoted to Lead Poisoning in Potteries, Tile Works, and Porcelain Enamel and Sanitary Ware Factories (Washington, Aug. 7, 1912, Bulletin Whole No. 104, pp. 95). The study is prepared by Dr. Alice Hamilton.

Bulletin 109 (Miscellaneous Series, No. 1) of the federal Bureau of Labor deals with *Statistics of Unemployment and the Work of Employment Offices* (Washington, 1913, pp. 147). The text is prepared by Frank B. Sargent. Of special value is the treatment of the sources of statistical data. The writer is unable to explain the high percentage of unemployment among organized workers in New York, as compared with conditions reported upon in Massachusetts, or by federal inquiries. All the sources of information indicate that the most important cause of idleness is lack of work. The listing of public employment offices and their experience is exhaustive.

In the published *Proceedings of the International Association of Bureaus of Labor, Factory Inspection and Industrial Commissions, Twenty-Eighth Annual Convention*, held in Washington in May, 1912 (John W. Smith, secretary, Detroit, pp. 116), emphasis is laid upon the workings of compensation acts and the operation of free employment offices.

The Factory Inspection Department of the Board of Public Welfare of Kansas City, Mo. and the St. Louis School of Social Economy have jointly published a pamphlet on *Industrial Accidents in Missouri*, a report of investigation made in St. Louis and Kansas City (pp. 50). The Kansas City analysis is based upon an intensive study of the first 100 accidents reported in that city in 1912. Tables show the action taken by the injured, by whom expenses were paid, number insured, dependents in case of fatality (15 out of the 100), distribution according to age, wages received, day of the week in which accident occurred, and time of day. There are also several photographs illustrating the effects of certain accidents.

The St. Louis report is a study of 220 fatal accidents out of a total of 943 occurring during 1910 and 1911. Here an attempt was made to assign the fault of the accident.

The report is suggestive, both as to positive results and method, and should be of service to those interested in framing laws affecting workmen's compensation.

The Report of the Employers Liability Commission to the Governor of Iowa, 1912 forms a bulky volume (Des Moines, 1912, pp. 159, 250). The first part is concerned with a report containing a bill; the second

part has a reprint of the hearings. Of general interest is the summary of Iowa accident reports (pp. 84-94), and the comparative study of employers' liability insurance based upon the returns of companies doing business in Iowa for ten years, 1902-1911. A comparison is made showing the results of such companies of the country at large and of the state of Iowa.

The Report of the Board of Arbitration in the Matter of the Controversy between Eastern Railroads and the Brotherhood of Locomotive Engineers has finally been printed as of date November 2, 1912 (pp. 123). Apart from the immediate question under consideration, students of economics will be interested in the pages devoted to intercorporate relationships and the growth of railroad systems. There is also an interesting page on "The Basis of a Fair Wage" (p. 47). The board was unable to find a standard for determining the base of wages other than by a comparison of the wages of the engineers under consideration with those of other systems. The volume is handsomely printed.

No Northern investigator of child labor in Southern mills has presented a more vivid picture of the misery involved in this industrial system than is to be found in the opening pages of the *Annual Report of the Factory Inspector of Alabama for 1912* (Montgomery, 1912, pp. 144).

In the *Nineteenth Annual Report of Factory Inspection of Rhode Island* (Providence, 1913, pp. 18), Mr. J. E. Hudson, the child factory inspector, renews his recommendation that provision be made for a physical test for children under 16 years of age to determine qualifications for work. Photographs illustrate the absurdity of applying simply the age test.

The Preliminary Report of the Factory Investigating Commission of New York appears in three large volumes (Albany, Sen. Doc. No. 30; vol. 1, pp. 837; vol. 2, pp. 986; vol. 3, pp. 987-1986). The first volume contains a summary of the work done by the commission, recommendations as to the fire hazard in factories, factory inspection, sanitation of factories, occupational diseases and industrial poisoning, bakeries, manufacturing in tenements, employment of women, and child labor; also reports by special experts, among whom were Dr. George M. Price, Miss Goldmark, and Mr. E. E. Pratt. Volumes 2 and 3 contain the minutes of public hearings. Although factory conditions have been repeatedly reported upon in one phase or another, this inquiry was exceptional in its breadth and thoroughness.

The Fifth Annual Report of the State Inspectors of Health of Massachusetts, reprinted from the *Forty-third Annual Report of the State Board of Health for 1911* has been issued as a separate pamphlet (Boston, 1912, pp. 84). Several pages are devoted to sanitation of factories and workshops, with comment on the attitude of Massachusetts manufacturers toward the health of employees and a section on the hygiene of the boot and shoe industry.

The initial experience of the Industrial Accident Board of Massachusetts, in charge of the administration of the new workmen's compensation act, is described in a series of bulletins issued quarterly, beginning with September, 1912. No. 2 (pp. 14) contains *Decisions and Rulings*, and No. 3 (pp. 19) analyzes the actual cost of the law for 25,000 employees of selected hazard for the first four months.

Money, Prices, Credit, and Banking

The money trust investigation of the Pujo Committee has been finished (see REVIEW, vol. III, p. 201), and in complete form the record includes 29 parts (pp. 2226). There is a separate pamphlet containing tables showing interlocking directorates. The report of the committee has also been issued. The majority report calls for drastic reforms (pp. 245, diagrams); and the minority report criticises the way in which the testimony was assembled and denies the efficiency of some of the proposed reforms (pp. 14).

To these documents is to be added a *Letter from Messrs. J. P. Morgan & Co.* (N. Y., Feb. 25, 1913), written to the Pujo Committee amplifying the testimony previously presented by members of the firm.

While the Committee on Banking and Currency was investigating the money trust, a subcommittee, under the chairmanship of Mr. Glass, took testimony on the subject of currency reform. These hearings were held between January 7 and February 17, and the record appears in 13 parts (pp. 690). It contains much valuable evidence. Among those examined were: A. B. Hepburn, Victor Morawetz, P. M. Warburg, ex-Secretary Shaw, Professor Laughlin, E. D. Fisher, Ludwig Bendix, W. A. Nash, G. M. Reynolds, A. J. Frame, J. V. Farwell, S. Wexler, Sir Edmund Walker, and Professor Meeker.

At a meeting of the Chamber of Commerce of New York, March 6, 1913, Professor Joseph French Johnson, in behalf of the Committee

on Finance and Currency, presented a report on proposed stock-exchange legislation. The report is printed in the *Monthly Bulletin* for April, pp. 6-9.

Where Present Bank Examinations are Weak, and How the Law should be Changed to Make Them more Effective, by Oscar Thompson, national bank examiner (Los Angeles, California, pp. 28), discusses the difficulties of determining the integrity of commercial paper.

Public Finance

TAXATION OF CORPORATIONS IN CONNECTICUT. A leading lawyer long prominent in public affairs, a well-trained economist, and the very capable tax commissioner of the state make a balanced commission; and their report is correspondingly valuable, at once abreast of present science and pointedly attentive to the real condition and practical needs of the state. (*Report of the Special Commission on Taxation of Corporations paying Taxes to the State*, by John J. Walsh, Fred R. Fairchild, and William H. Corbin, Hartford, 1913, pp. xii, 238.) In briefest possible terms, the report may be described as a plea for a simplified taxation of corporations according to their gross earnings. There is a brief analysis of scientific principles, to show the general superiority of gross earnings as a base for taxes; thereafter the commission is consistent in its advocacy of this base for the several classes of corporations to be taxed, directly and in terms where, as in public service corporations, such a base is practicable; elsewhere indirectly, through some fair criterion.

For the intelligent citizen of Connecticut and for the specialist in taxation the report is of great value throughout. While, naturally, the general scientific analysis is of rather narrow range, it is usually close and good, and it is clear everywhere. Notable illustrations are found in the brief general introduction and in the discussion of the taxation of insurance companies. Even higher merit, however, must be assigned to the report for its elaborate historical and descriptive account of Connecticut's corporation taxes, its criticism of their working, and its suggestions of change.

For the railways, especially the steam lines, the greatest faults are found in the base for taxation, market values of stock, and in the very complicated allowances of deductions. Of late years high finance in the chief steam system has cut market prices of stock in half and has developed such elaborate intercorporate relations that the state taxes have actually fallen off, something near \$400,000 in the two years from 1910 to 1912, whereas both business and earnings

have increased. Express companies are already taxed upon gross earnings, but roughly and unequally. Telegraph and telephone companies are taxed upon units of equipment. Car companies are not taxed at all, as until just now nearly all sleeping, parlor, and dining cars have been under the direct management of the chief operating railway, and freight cars have been ignored.

General banking and trust companies and stock insurance companies—all, especially the last, very important in Connecticut—are now taxed upon the market values of their shares; and for all these the commission proposes merely the substitution of book values for market values. For mutual insurance companies, another important source of revenue in Connecticut, the change proposed is from something like gross assets to income from investments and from premiums on Connecticut business. Savings banks are now taxed upon deposits, with certain important deductions; and the commission would retain the present base but allow another important deduction, for loans upon Connecticut real estate. Building and loan associations are not now taxed at all; and the commission would assimilate them as nearly as may be to savings banks.

The change in the character or base of the taxes where change is proposed, the commission would facilitate practically by adjusting the rates so as to produce at once but few important changes in burden or yield. Upon the assumption that property generally, in Connecticut and the country over, is taxed at about one per cent of its true value, an attempt is made in each case to ascertain what rate upon gross earnings or other approved base would be the equivalent of one per cent upon principal values. The resultant rates for gross earnings are as follows: steam and electric railways, 4.75 per cent; car and telephone companies, 2.75 per cent; telegraph companies, 3 per cent; express companies, 2 per cent. Banks and stock insurance companies are set at 1 per cent upon the book values of their shares; mutual insurance companies are set at 4 per cent, sinking regularly to 3 per cent in eight years, upon the computed incomes, savings banks and building and loan associations, at .4 per cent of taxable deposits and the sums due members.

Such changes of base and rate it is computed would now mean a net increase of some \$215,000 in the state's revenues from corporations, or about 7 per cent of the yield for 1912; but it is counted confidently that the natural expansion of business and gross earnings would bring a marked increase in the future.

For much the greater part there can be no hesitation in following

the reasoning of the report or in accepting its statements. A notable feature of the recommendations is their adoption of a fair, even a generous interstate comity in the apportionment of Connecticut's share of the charges upon interstate corporations, as the car companies. In the computations from the old bases of taxation to the new there is a great deal of rough and ready assumption and broad allowance; and, as in some cases hundreds of thousands of dollars of revenue are involved, the hasty reader might charge the commissioners with carelessness. But, on the whole, they are doubtless justified in seeking harmony and simplicity, with consequent intelligibility, even at the apparent or temporary cost of minutely exact justice. Time will adjust much.

Every thoughtful reader of any volume will have doubts here and there. I doubt the propriety of reducing the taxes upon Connecticut's very prosperous stock insurance companies from \$318,629 to about \$182,000 (p. 142). The commissioners themselves admit that the unconditioned acceptance of book values of bank stocks might permit some evasions of taxes (p. 134). Is a tax of .25 per cent on savings bank deposits "distinctly moderate" in comparison with a tax of 1 per cent on the capital of commercial banks (p. 171)? When a commission is advising so many important changes in the taxation of corporations generally, and when in particular it is advising great changes in the charges upon stock insurance companies, I can see no good reason for continuing to tax such insurance companies with commercial banks rather than with the mutual insurance companies. One omission of moderate importance is seen in the scope of the commission's work. No account is taken of the taxation in Connecticut of insurance companies chartered in other states.

Special attention should be called to the very full and accurate presentation of descriptive and statistical materials, some of these doubtless prepared at the cost of much labor. One might even query whether it was worth the cost to trace in such minute detail the historical development of each form of tax, from its first use till now. Some, however, may find the report of special value just because of this fullness of minute detail. One appendix alone is enough to make the report very valuable to every serious student of American finance. Here, to the extent of 37 pages, is found an up-to-date summary of methods of taxing public service corporations in other states.

Middletown, Connecticut.

WILLARD C. FISHER.

NEW SOURCES OF REVENUE FOR NEW YORK CITY. In January,

1911, Mayor Gaynor appointed an advisory commission of citizens to coöperate with the budget committee of the board of estimate and apportionment "in ascertaining and reporting on new sources of city revenue." The report (*Report of the Commission on New Sources of City Revenue*, City of New York, January 11, 1913, pp. 116) contains many recommendations and suggestions, some of which are of considerable importance; others are novel and interesting, while most of them are relatively unimportant. Very few of the proposals would, strictly speaking, provide "new sources" of revenue.

A proposition to tax the unearned increment of land has attracted much attention and aroused a storm of protest from the real estate interests. "We have sought," the commission explains in its prefatory remarks, "to place the burden of local government on those forms of property which represent values largely created by the community itself." Accordingly, no effort was made to find sources of revenue that would reduce the tax on real estate, which already yields 77 per cent of the city's income. Instead, it is recommended that a special tax, such as is now found in England, Germany, and other European countries, be levied on all future increments in land values. These foreign increment taxes are collected at the time of the sale or transfer of property, or else at regular intervals of several years. This method the New York commission rejects in favor of one which is regarded as less cumbersome, and at the same time more regular and uniform in its yield. The proposal is, in brief, to tax *annually* all increments in land values accruing in the future, much as existing land values are now taxed. Site values and the value of the improvements are already separated in the real estate assessments. The commission proposes to make the assessed values of land for 1912 the base from which to measure all future increments. Henceforth, land appreciating in value would, therefore, pay the real estate tax, just as at present, and in addition a tax of one per cent on all values in excess of the 1912 assessment. Increments arising from improvements, such as grading, water connection, lighting, sewerage, paving, etc. would be deducted from the increment taxed, where paid for by the owner of the property.

Another important recommendation would reduce the personal property tax to three mills on the dollar, with no offset for indebtedness. This does not look, at first sight, like a new source of revenue, but experience in other states has abundantly proved that revenue is increased by placing a low uniform rate of taxation on intangible personal property. The existing property tax in New York city

is equal to 54.9 per cent of the income of a $3\frac{1}{2}$ per cent security, and inevitably leads to wholesale evasion. The proposed tax of three mills on the dollar would absorb not over 10 per cent of the income from a 3 per cent security, or 6 per cent of the income from a 5 per cent investment. With this lower rate the commission believes that wealthy corporations and individuals would no longer be driven to acquire a legal residence elsewhere in order to escape confiscatory taxation.

In addition to these two important recommendations, the commission makes no less than 24 others. Some of them, however, aim to secure increased economy and efficiency, rather than increased revenues.

Of special interest is a proposition to tax billboards, signboards and electric signs, on the theory that their value is created by the community and is proportionate to their area and the value of the real estate occupied. The plan of the commission is to place an annual charge on each square foot of advertising signs equal to 2 per cent of the assessed front foot value of the land occupied.

Another important suggestion is that steps be taken to secure adequate payment for the privilege of constructing and using vaults under the sidewalks and streets of the city. At present but a single payment, and that a nominal one, is required. It appears that the revenue from this source could be increased many fold by fixing an annual charge based upon the assessed value of the adjoining land.

Other recommendations include the extension of vehicle and hack-stand licenses, an increase of county and other fees (though all fees are to be paid into the treasury and county officers paid regular salaries), the use of water meters, a more profitable disposition of the city's unused real and personal property, scientific management of prison labor, the use of the principle of special assessments in financing rapid transit extensions, and wholesale markets controlled by the city. The pending constitutional amendment giving cities the power of "excess condemnation" is also commended.

Each important recommendation made by the commission is supported by one or more appendixes, numbering 34 in all and forming the main bulk and probably the most valuable part of the report.

C. C. WILLIAMSON.

TAX ASSESSMENTS IN NEW JERSEY. The commission created in the spring of 1912 to investigate assessments in the state of New Jersey has submitted its report (*Report of the Commission to Investigate Tax Assessments in the State of New Jersey, 1912*, pp. 64). This com-

mission consisted of five members, *i.e.*, the president of the state board of equalization, a member from each house of the legislature, and two citizens appointed by the governor. The commission held numerous public hearings throughout the state and consulted freely with tax officials.

As to the present administration of the general property tax the usual indictment is drawn: lack of uniformity and inequity in the assessment of different parcels of real estate in the same tax district, and between different tax districts; an absurdly arbitrary and unsystematic assessment of personal property, an equally unsystematic assessment of most kinds of public utility corporations, and "an entire lack of coördination or effective responsibility. . . . The assessments of the state amount to more than 2 billion dollars and the state and local revenue based thereon amounts to 45 million dollars. Yet, outside of a few cities, the officials upon whom the duty is imposed of equally distributing this burden are insufficiently paid and unprovided with proper working equipment or records. The initial valuation for assessments is made by some 500 officials working independently in as many districts, with little guidance or help. Such attempts at uniformity as are made are confined to the tax districts of a county, and there is practically no effective supervision over the counties."

These evils the commission would remedy chiefly by a thorough-going revision of the state's tax assessing machinery. They would have greater centralization and a more definite allocation of responsibility. A state board of equalization should have the power to secure, and be held responsible for, uniformity and equalization throughout the state. To this end it should have the power, among other things, to remove, after proper hearing, incompetent county and local tax officials. For the purpose of aiding the board in its work there should be a state supervisor who should be at the head of the routine administration of assessment work throughout the state. In every county there should be a county assessor who should likewise have general supervision over all local assessments throughout his county and be held responsible to the state board for the accuracy and equality of the assessments. This county assessor would be one of the three members of the county tax board, and would give his entire time to the duties of his office. Tax districts that are too small to require the entire time of a competent man should be consolidated for assessment work, and adequate compensation should be given. Cities should be assessed as a unit by one assessor or board.

In addition to these recommendations looking toward greater centralization of the machinery of assessment, the commission makes a number relating to the assessment of particular kinds of property. Such public utility property as is now locally assessed should be assessed by the state board of equalization with the aid of data furnished by the public utilities board of the state. Household furniture and personal effects should be exempt, and the present farcical poll tax should be abolished. The present method of taxing banks and trust companies should be discarded in favor of a uniform tax of one per cent on capital, surplus, and undivided profits, with no deduction for exempt securities.

Other recommendations worthy of note are those favoring the gradual introduction of tax maps throughout the state, the simplification of the procedure of appeal to boards of equalization, and the substitution of a semi-annual period for the present annual one for tax collections.

The report is a creditable one, and is particularly valuable in the plan it offers for securing greater centralization of control and of responsibility in the matter of assessments.

E. W. K.

TAXATION IN OHIO. In the *Recommendations of the Tax Commission of Ohio* (Columbus, 1913, pp. 123), a bill is presented making such changes in the tax laws as the commission believes necessary to carry out the constitutional mandate that all property shall be taxed by a uniform rule at its true value in money. Notes explaining the proposed changes are also presented.¹

On the administrative side, the bill would substitute for elective assessors and for local boards of review and equalization a system of appointive county assessors and boards of review. It also proposes a number of changes in rules of valuation and of situs, in the powers of assessors and boards of review, and in the provisions for the collection of taxes. Most important of these are the following: (1) The so-called "unit rule," now applied in the valuation of all public utilities, is to be applied to all corporations, although the present franchise tax on the capital stock of corporations is not to be changed. (2) The present exemption of the shares of all domestic corporations and of foreign corporations, at least two thirds of whose property

¹ Mr. Clarence D. Laylin of the Attorney-General's department and the writer coöperated with the commission in drafting the bill and preparing the explanatory notes. The policy of the bill was determined by the commission alone.

is taxed in Ohio, is to be withdrawn, and shares of all corporations are to be taxable to their holders at full value unless the entire corporate property is taxed in Ohio. (3) Mortgage loans are to be taxed without deduction for indebtedness, whereas they are now in practice treated as credits, although the law has not been perfectly clear. (4) Mortgages on real estate and on the property of corporations, situated within the state, are to be taxed where the property is located, thus taxing investors in mortgages and bonds, whether residents or non-residents. Residents are also to be taxed on similar investments outside the state. Mortgaged property is to be taxed without deduction, as now. (5) Assessing officers are to be given the right to inspect real estate and tangible personal property and to compel the exhibition of evidences of investment or indebtedness in whosoever custody, under pain of contempt proceedings. (6) Valuations returned by the taxpayer are merely for the guidance of the assessor. (7) Real estate is to be valued annually instead of quadrennially. (8) The state tax commission is to equalize valuations of personal property, as well as of real estate.

The bill met a great deal of criticism, chiefly from corporation sources, with regard to the unit rule and the taxation of shares, and from insurance and building and loan companies, which objected to the proposal to tax mortgages without deduction for debts. Much was also made of the inquisitorial features of the bill, although those are in the main merely re-enactments of the present law. The result of the agitation has been to postpone action on those parts of the bill which affect the method rather than the machinery of assessment.

The bill has, however, formed the basis of several bills which have been introduced in the legislature. One of these incorporates most of the provisions of the tax commission's bill which relate to the collection of taxes, and will probably be passed. Another, after repeated revisions, provides for county assessors to be appointed by the governor and boards of review to be appointed by an ex-officio state board. Assessors are to have an indefinite tenure, and both they and members of boards of review are to be removable by the tax commission "whenever in its judgment the public interest so requires." This bill has the sanction of the administration and will doubtless be passed at the present session.

It is expected that the larger problem of so revising the general tax law as more effectively to carry out the constitutional mandate will be attacked at a special session of the legislature to be called next winter. Whether the solution proposed by the tax commission or

some other method will be followed cannot now be foreseen. Any proposal to enforce the constitutional rule raises a strong protest. On the other hand, a strong element in the state, headed by the tax commission itself, finds in the uniform rule the only just method of property taxation. That rule was reaffirmed in the constitutional amendment adopted by a large majority only last year, although but 24 per cent of the electors of the state voted on the amendment. Several proposals to give the legislature greater freedom in tax matters have failed of adoption in recent years, not receiving a majority of all votes cast *at that election*. There seems reason to think that a rigid enforcement of the constitutional rule may be necessary before the electors of the state become sufficiently interested in the problem to register a representative vote on a taxation amendment.²

O. C. LOCKHART.

THE NORTH DAKOTA TAX COMMISSION. In 1911 the North Dakota legislature passed an act creating a non-partisan tax commission. In 1912 Governor John Burke appointed a commission of three. Although without any funds at its disposal, the commission began its work immediately, in order that a report might be submitted to the 1913 legislature. As a result, the *First Report of the North Dakota Tax Commission* was issued in November, 1912 (Chairman of the Commission, L. E. Birdzell, Bismarck, N.D., pp. 223). The report contains sixteen chapters, each devoted to some specific topic, such as the general property tax, the personal property tax, taxation of corporations, the inheritance tax, the classification of property, the assessment of property, etc. In the discussion of each one of these topics, general principles are first set forth, followed by a description of the present system in force in North Dakota, and comparison is made with practices in other states. The report closes with recommendations for the purpose of guiding legislation. While the report presents a mass of statistical data, this matter is

² Since the above was in type, the bill has been passed with amendments providing that the boards of review (or complaints) are to be appointed by the tax commission. Both they and assessors are removable by the commission with the consent of the governor. Real estate will be valued annually and the tax commission will equalize the valuations of both real and personal property. The legislature has just refused to submit to the electors an amendment providing for classification of property for taxation, although it submitted an amendment restoring the exemption of public bonds, which had been removed from the constitution by the amendment adopted September, 1912.

subordinated to the observations and comments of the commissioners.

Some of the commissioner's recommendations were adopted by the recently adjourned legislature, only to be vetoed by the governor, who is not in sympathy with the tax commission idea. In fact the fate of the commission is still in doubt. The 1911 statute, creating the commission, provided that the governor should appoint the commission July 1, 1912, and the names of the members should be subject to ratification by the 1913 legislature. The legislature which meets biennially ratified the appointments made by Gov. Burke and also appropriated \$40,000 for the biennial period. Gov. I. B. Hanna, however, vetoed that part of the bill providing the appropriation, thus leaving the commission without any funds to work with, not even for salaries. It was in the name of economy that the governor cut off the appropriation, claiming that the farmers could not afford to spend that much money, and he defended his action on the ground that one commissioner could do the work just as effectively as three. The commission, however, has refused to yield, and has decided to remain in office and serve under the general act of 1911. The commission takes the position that no specific appropriation is necessary, and the courts have ordered the state auditor to show cause why the salaries should not be paid.

MEYER JACOBSTEIN.

REPORTS OF THE ARIZONA TAX COMMISSION. Although scarcely a year has elapsed since the Arizona Tax Commission was established, three important reports have been issued. The cause leading to the preparation of these reports in such a short time is the widespread dissatisfaction with the system of taxation handed down by the old territorial government to the new state.

The first report of the commission, issued only a few weeks ago, laid bare the existence of perhaps no grosser abuse of privilege and of no greater inequalities in taxation than have been found in several of the older states. The findings of the commission, however, are convincing evidence that, first, the new state was in great need of a tax commission, and, second, that additional powers are indispensable to the effectiveness of its work. Under the present law the efforts of the commission to equalize assessment between counties can be and are practically negated by the actions of the county boards in responding to local pressure brought by influential property holders. An appeal has been made to the legislature to grant the additional powers necessary to enable the commission to whip the offenders into line.

The most important question with which the tax commission has had to deal, and which is at present the most highly controverted question in Arizona, is the problem of mine taxation. Arizona is the greatest copper-producing state in the world, and since the copper-mining industry engages a large percentage of all the workers in the state, and also employs much of the invested capital, the matter of taxation of mines is of unusual importance.

A third special session of the legislature has just been called for the purpose of enacting among other things a new mine tax law. At this writing no one can forecast what will be done. Great difference of opinion exists on all sides. After a careful study, the members of the tax commission were unable to agree as to the proper method, and therefore presented two reports to the governor. The majority report recommends the enactment of a law providing for "proper classification of all producing mines on a graduated scale, and basing their annual assessable value on both their gross and net output." The minority report recommends the application of the Finlay method as followed in Michigan.

The mining men after a series of conferences have also had great difficulty in coming to an agreement and frankly admit that the plan proposed by them is a compromise measure embodying the entire belief of no one of them. They object to the plans proposed by the commission and also to certain plans proposed by members of the legislature. The mining men are nearly agreed that the Finlay method cannot be followed in Arizona because the peculiar geologic conditions render it impossible to make anything approaching a satisfactory estimate of the size or value of Arizona ore bodies. The settlement of this controversy is in the hands of the third special session of Arizona's first legislature which is now in session.

H. A. E. CHANDLER.

Philadelphia is wrestling with the problem of finding new sources of revenue. Mayor Blankenburg recently delivered an address on *Equalization of Assessments and New Sources of Revenue* (pp. 32), in which he recommended that all, instead of only 75 per cent, of the personal property tax go to the city. So too with the mercantile tax. New sources suggested were taxes on automobiles, cigars and cigarettes, manufacturing, dogs, and an occupation tax. The larger part of the address was devoted to existing evils in assessments.

The results of the reassessment of mineral lands in Michigan may

be found in the *Report of the Board of State Tax Commissioners for 1911-1912* (Lansing, 1912, pp. 68).

The Tax Commission of Kansas publishes two documents: *Third Report Covering the Years Oct., 1910-1912* (Topeka, pp. 76); and *Third Report Containing Suggestions and Recommendations Concerning Legislation* (pp. 85). The latter contains summaries extending over a long period of years, and from the analysis it is argued that taxation "has increased most in the smaller municipal subdivisions, where the people have the closest or most direct control over public expenditures." The subject of assessment is treated at length.

The *Third Biennial Report of the Minnesota Tax Commission* (St. Paul, 1912, pp. 813) covers a wide range of financial topics. There are chapters on the taxation of mines and minerals, assessments, income taxation, land taxation with a review of experience in western Canada, railroad taxation, by Professor Robinson (referred to elsewhere), and cost of government in Minnesota, also by Professor Robinson.

The *Final Report of the Board of Commissioners on Revenue and Taxation for Utah* (Salt Lake City, Jan. 20, 1913, pp. 232) rehearses the shortcomings of a tax system when unsupervised county assessors compete with each other in undervaluation. It is recommended that the State Board of Equalization be given extended powers.

The *First Annual Report of the Colorado Tax Commission* (Denver, 1912, pp. 288) has also appeared. Here again the commission has had to struggle against the evasion of intangible personalty from assessment. As yet the commission has not been able to bring about desired reforms.

There have recently been published hearings before the Committee on Ways and Means on tariff schedules, as follows: *Schedule A, Chemicals, Oils and Paints*, Jan. 6-7, 1913 (pp. 1-432); *Schedule B, Earths, Earthenware, and Glassware*, Jan. 8-9 (pp. 435-947); *Schedule C, Metals and Manufactures of*, Jan. 10-14 (pp. 951-2169); *Schedule D, Wool and Manufactures of*, Jan. 13 (pp. 2173-2258); *Schedule E, Sugar, Molasses and Manufactures of*, Jan. 15 (2261-2491); *Schedule F, Tobacco and Manufactures of*, Jan. 17 (pp. 2495-2593); *Schedule G, Agricultural Products and Provisions*, Jan. 20-21 (pp. 2597-3253); *Schedule H, Spirits, Wines and Other Beverages*, Jan. 15 (pp. 3257-3311); *Schedule I, Cotton Manufactures*, Jan. 22-23 (pp. 3315-3384); *Schedule J, Flax, Hemp, and*

Jute, Manufactures of, Jan. 24-25 (pp. 3687-4101); *Schedule K, Wool and Manufactures of*, Jan. 27-28 (pp. 4105-4510); *Schedule L, Silks and Silk Goods*, Jan. 13 (pp. 4513-4669); *Schedule M, Pulp, Paper, and Books*, Jan. 17 (pp. 4673-4982); *Schedule N, Sundries*, Jan. 29-30 (pp. 4985-5739); *Free List, Miscellaneous, and Administration*, Jan. 31, Feb. 1 (pp. 5743-6345).

The testimony is arranged in an orderly way following the paragraphs of existing law.

Further reports of the President's Commission on Economy and Efficiency (see REVIEW, vol. II, pp. 733, 970) have appeared: *Report of the Investigation of the United States Patent Office* (Dec. 1912, pp. 624), and *Message of the President of the United States, Transmitting Reports of the Commission on Economy and Efficiency* (Jan. 8, 1913, pp. 923). The former contains a bibliography on the Patent Office, 1789-1912 (pp. 521-535). The second report deals with the business methods of the offices of the Adjutant General, Bureau of Insular Affairs, Surgeon General, Signal Corps, Department of Justice and National Bank Redemption Agency. Other documents are: *Message of the President of the United States, Submitting for the Consideration of Congress a Budget, with Supporting Memoranda and Reports* (Sen. Doc. No. 113, 62 Cong., 3 Sess., Feb. 26, 1913, pp. 433); *Hearings on the Sundry Civil Appropriation Bill for 1914, Hearings Relating to Certain Reports of the Commission Affecting Items in the Legislative, Executive, and Judicial Appropriation Bill for 1914* (Jan. 10 and 13, 1913, pp. 75); *The Administrative Purpose of the Accounting Methods and Procedures Which Have Been Installed in the Departments* (Circular 32, 1913, pp. 13); *Copy of a Letter Sent by the President to the Secretary of the Treasury Relative to the Submission of a Budget to Congress* (Sept. 19, 1912, pp. 8); *Special Message* (Mar. 3, 1911, pp. 6); *Message on Economy and Efficiency in the Government Service* (Apr. 4, 1912, pp. 12); *Retirement from the Classified Civil Service of Superannuated Employees* (Reprinted from H. Doc. No. 732, 62 Cong., 2 Sess., pp. 62); *Outlines of Organization of the Government* (Reprinted from H. Doc. No. 458, 62 Cong., 2 Sess., pp. 21); *Weather Bureau Correspondence Files* (reprinted for distribution by the President's Commission on Economy and Efficiency, Apr. 15, 1912, pp. 34).

On February 21, 1913 the Secretary of the Treasury transmitted to the Senate a letter on *Change in the Method of Handling Gov-*

ernment Receipts and Disbursements (Sen. Doc. No. 1103, 62 Cong., 3 Sess., pp. 16). Under the new order of the Treasury Department checks can be received and deposited in the subtreasury. By this method the receipts and payments of the government clear each other.

Insurance and Pensions

PUBLIC PENSIONS TO WIDOWS WITH CHILDREN. A series of bills providing for what are popularly known as widows' or mothers' "pensions" have been introduced into the legislatures of nearly a score of states during the past winter, and several of these bills have already been passed. Although these measures really provide for the extension of public out-door relief in the form of large money payments to widows with dependent children, they attempt in general to separate these "widows' pensions" from such public relief as is already being given by providing for the administration of the new funds through the juvenile court rather than through the offices which are now in charge of the distribution of out-door relief.

Many people interested in social questions have been thrown into an honest confusion of mind by these proposals. They recognize on the one hand that our methods of social treatment for dependent children, as well as for other dependent groups, are far from perfect and that it is necessary to be open-minded towards every proposal which may seem to make for social advance; but on the other hand it is impossible to forget that both the majority and the minority reports of the Royal Commission on the Poor Laws agreed that the policy of public out-door relief to widows with children in England had been a most unsatisfactory method of caring for dependent children. Social experiments involve heavy costs, and the Russell Sage Foundation has rendered a public service in providing a report on the "widows' pension" plans which are already in operation in this country so that other states may at least have the benefit of the experiments which are now being tried out (*Public Pensions to Widows with Children. A Study of their Administration in Several American Cities*, by C. C. Carstens, New York, Russell Sage Foundation, 1913, pp. 36).

Although the pension systems of four cities, San Francisco, Kansas City, Milwaukee, and Chicago are dealt with, the greater part of the report is given up to Chicago, where the experiment has been made on a large scale¹ and under favorable conditions.

¹ From July 1, 1911, when the Illinois "pension" law went into effect, to

The most important questions on which the report should throw light may be summarized as follows: (1) What is the exact situation that such laws are designed to improve and is there no safer remedy? (2) Has the administration of a pension law through the Juvenile Court proved satisfactory? (3) Is the present experiment one which has a reasonable chance of improvement or is it likely to follow the universal experience with out-door relief and become a menace to the community?

(1) With regard to the first point, the report gives little help. As the subtitle suggests, it deals largely with questions of administration, and the more fundamental question of whether or not such pension arrangements were necessary is scarcely noticed. This is, however, a point of the utmost importance. Heavy as the costs of an experiment in public pensions may be, the question of our willingness to pay depends on the need for such experimentation. It is, therefore, essential that we know, first, how many children were being taken from mothers competent to rear them and placed in institutions; and, if the number is relatively small, whether a better coördination of work between the Juvenile Court, which deals with dependent children, and the organized private charities of the city, which are supported for the very purpose of keeping families together, could not have met such need as existed without the risks involved in a new experiment with public out-door relief. The report fails to make clear the fact that no one has tried to ascertain how many children in Chicago were being separated from mothers competent to care for them. The Illinois Juvenile Court Law places in the same group neglected children who are taken from cruel, immoral, or otherwise unfit parents, and bona-fide "dependent" children, such as the children of competent widowed mothers; and the reports of the Juvenile Court have never indicated how many children of the latter class have come into court, nor what disposition has been made of those brought in. Not only is the question of the number of dependent children ignored, but the report is equally silent as to the means already at hand for their care. And yet it is a matter of great importance that a single private organization in Chicago, the United Charities, disbursed a budget

September 3, 1912, when Mr. Carstens began his investigation in Chicago, 1,450 applications for pensions had been filed in the Cook County Juvenile Court; and in October, 1912, 503 women with 1,700 children were receiving pensions which cost in that month \$11,713. It is estimated that the cost of these pensions exclusive of the cost of administration will not be less than \$200,000 during the current year with the prospect of a large annual increase.

of over \$300,000 during the year when the pension law was passed and cared for 3,018 widows, 1,163 deserted wives, 172 divorced and 121 unmarried mothers, a total of nearly 5,000 dependent mothers. Such an organization alone could easily have supported the relatively small number of "competent" mothers that may have made the mistake of asking the court to send their children to institutions instead of asking for the help of one of the relief societies. In short, the report fails to show that what was needed in Chicago was not the creation of costly new machinery but a satisfactory method of coöperation between the United Charities and the Juvenile Court. The simple expedient of having a special agent representing this great private organization present during the Juvenile Court Sessions would have placed within convenient reach of the court the resources already available for the care of widowed mothers and would probably have made the suggestion of a widows' pension law with its attendant social risks impossible.

(2) On the second point, that of the administration of the law in Chicago, the report throws a great deal of light. With regard to the general method of procedure it should be noticed that although the administration of the new pension law is placed under the judge of the Juvenile Court, who has charge of the disposition of dependent children, rather than under the county agent, who has charge of the public relief funds, the actual payment of these mothers' pensions is made through the office of the county agent and he reserves the right to make an independent investigation to determine whether or not the applicant shall be granted one.² As a matter of fact, although nominally cared for by the Juvenile Court, the pensioned mothers are not paid weekly by the probation officers but are obliged to stand in line and collect their pensions publicly each month at the county building.

The unique feature of the Chicago plan is an extra-legal case committee. The judge of the Juvenile Court, foreseeing some of the dangers involved in a public pension plan asked the coöperation of the private charitable agencies in administering the law.

²"The separate investigation made by the county agent's department while contributing materially to the facts about the family, was found to be made frequently with a brutality to which no applicant for assistance should be exposed. Insinuations were made regarding immoral conditions in the neighborhood inquiry about the widow which were based upon neither facts nor suspicions, but which the county representative threw out to arouse interest in his inquiry, and by means of which he hoped to get incriminating information" (p. 17).

A pension case-committee of seven was organized, consisting of the chief probation officer and his deputy, who had no votes on the committee, one member representing the United Charities, one member representing a group of other private non-sectarian agencies, two representatives of the Catholic charitable agencies and one representative of the Jewish relief societies. This case committee has been holding semi-weekly meetings during the past year, and the judge acts largely on its recommendations as to the granting of pensions.

In attempting to ascertain the success of the present method of administering this law, Mr. Carstens employed a small group of experienced social workers, who carefully investigated 100 of the 503 pensioned mothers. These 100 cases selected for investigation were, we are told, selected "at random," but unfortunately we are not told how many of these women had been pensioned by private societies like the United Charities or the Jewish Aid Society before they were placed on the public pension roll, nor whether they had been under public supervision one month or eighteen months; nor are we told whether they were placed on the pension roll on the recommendation of the case committee or whether they were granted pensions before the organization of this committee when less care was exercised in the selection of pensioners.

After a thorough study of these 100 pensioned families, Mr. Carstens reaches a series of conclusions of varying weight and importance. He believes, for example, that in 64 of these cases (question no. 1) the probation officer's investigation was not "adequate," but in spite of that fact he finds (question no. 10) that in only 10 cases were the standards of the family such that the home should not be maintained for both mother and children. He finds (question no. 2) that in only 14 cases was the "probation officer of the type to render the necessary service," and yet (question no. 11) in 58 cases improvements are noted over the care that the family had previous to the pension period; and he notes (p. 23) that "it was interesting to find that in a large majority of the families visited there was no evidence of wanton recklessness, extravagance or foolishness in the expenditure." He finds also that in spite of the poor service rendered by the the probation officers, the school attendance of the children is satisfactory in 72 of the families (question no. 6); in 10 others, which he incorrectly classes as "doubtful," the children were either too young to go to school or his investigators failed to get information on this point. The report shows further that in 86 cases the

mother is with her children a reasonable period of time; that in only 24 is "there evidence in the mother's and children's attitude of undue dependence," a condition difficult to determine and one which could hardly be attributed in so short a time to the existence of the court pension; that in 59 the relief given is adequate—a very good showing in the face of Mr. Carstens' statement (p. 26) that "the idea of adequate relief is a new one for most charitable agencies." It should be noted that in attempting to determine in how many cases the pension is adequate, Mr. Carstens falls into the serious error of talking about an "average pension," a term that is surely quite as valueless as the old "average wage."

Question 9, "Have the church, relatives, employers or private societies maintained the same measure of interest as before the pension began?" is of little value since private societies should not be included in the same group with employers and relatives. The report fails to note that in Chicago the private societies deliberately turned over the great bulk of their pension cases to the court.

Attention should be called to the fact that Mr. Carstens judges the working of this law in Chicago by the highest standards of social work rather than by the existing standards of social work in Chicago; no attempt is made, for example, to compare the condition of the families pensioned by the court with the condition of the families pensioned by the best private agencies in the same city. The most serious criticism Mr. Carstens makes on the administration of the law centers on the unfitness of the probation officers to serve as almoners. But again no comparisons are instituted between these agents and the visitors of the private societies in Chicago. In attempting to decide whether or not the public pension work is satisfactory in Chicago, it would be helpful to know whether or not the private pension work is any better. It is to be expected that both are far below any standard of abstract perfection.

(3) The third point, however, is a more crucial one. The fact that the present system of administration is faulty would not be serious if there were hope of improvement, but unfortunately the outlook is all in the other direction. It cannot be too strongly emphasized in judging of the results of the Illinois experiment that it has been tried under exceptionally favorable conditions since it has been from the start under the administration of a judge who is not only conspicuously honest and disinterested, but, what is more rare, genuinely open-minded and eager to accept suggestions and advice from those experienced in social work. To judge fairly of the possibilities of this law, we must realize that the next juvenile

court judge may sweep away the volunteer committee and the other safeguards which Judge Pinckney has devised, and precipitate chaos and corruption at any moment. The judge of the Juvenile Court in Chicago is chosen annually from among the group of circuit judges who are elected every four years, and it can only be described as a happy accident that this new law should have been first tried out by an intelligent and conscientious judge.³ Indeed, the fair-minded reader of this report will probably believe that it is the instability of the present system of pensioning widows in Chicago rather than its faulty administration which is most alarming. Special consideration should therefore be given to Mr. Carstens' recommendation that "if widows' pensions are needed in our various states, some other agency than the juvenile court should be charged with their administration."

And finally, the broader recommendations at the conclusion of Mr. Carstens' report should not be overlooked. It is pointed out (p. 27) that some of the states which have left the pensioning of widows with dependent children to private agencies "are pointing the way to a better solution. They have discovered the causes of some of the deaths which have brought about widowhood, and have passed laws for their prevention. They have discovered that deaths from accident and from industrial and other preventable diseases constitute a considerable proportion of the total number. They have better protected the living so that there might be fewer widows and dependent children. They have passed workmen's compensation and employers' liability laws, so that the industry and the consuming public might carry the expense that comes as a result of the risk involved in the production of goods. They have passed insurance legislation which has decreased premiums and encouraged thrift."

EDITH ABBOTT.

Chicago School of Civics and Philanthropy.

³For example, with regard to the very important point of pensions for deserted wives, Mr. Carstens says, "Such intelligence as is being shown in the administration of the Illinois law in refusing to consider the pensioning of families in which the father has recently deserted, in which there is but one child, or in which the children would for various reasons be injured rather than benefited by remaining with the mother, is due to careful consideration given each case by the case committee, and to the staunch way in which the judge has supported their work. The law itself requires no such safeguards. The committee is there only at the request of the court, and it is doubtful whether a community can for any length of time withstand the application of a much broader interpretation to a law so loosely drawn, a law which does not even limit its benefits to mothers, but permits the pensioning of both parents" (p. 23).

OHIO'S COMPULSORY WORKMEN'S COMPENSATION ACT. In 1911 the legislature of Ohio enacted an *elective* workmen's compensation act and provided for the establishment of a state insurance fund. The main provisions of that law and certain features of its administration have already been described in the pages of this REVIEW (vol. I, pp. 637-639; vol. II, pp. 432-433; 733-734). The adoption of an amendment to the state constitution during the summer of 1912 made it possible to have a *compulsory* law in Ohio, at least so far as the state constitution is concerned. The Ohio legislature has taken advantage of this situation to enact a compulsory compensation act, introduced by Senator Green, which becomes effective January 1, 1914. The new act follows in the main the act of 1911 which it supplements rather than repeals. Aside from the all-important compulsory feature the principal modifications of the 1911 act are as follows:

(1) The state and its political subdivisions, including school districts, are required to insure their employees and to pay stated contributions to the state insurance fund.

(2) All employers having regularly in their employ five or more workmen must provide compensation for their injured or killed employees according to the rates provided by the act. They may do this in any one of three ways: (a) by subscribing to the state insurance fund; (b) by proving their financial ability and strength to meet the burdens of such compensation, and the state board may require them to give bond sufficient to guarantee such compensation; (c) through mutual associations of employers, provided employees are not required nor permitted to contribute to these funds. In all cases the rates and regulations prescribed by the state board are to be complied with.

(3) Employees are no longer required or permitted to contribute any part of the funds.

(4) Employers who comply with the provisions of this law are no longer liable to suits for damages under either the common law or the liability laws, provided they have not been willfully negligent and have complied with all the statutes and the orders of the chief factory inspector concerning the safety of their employees.

(5) Workmen who are injured while working for an employer who has not complied with the law may nevertheless claim compensation from the state insurance fund. The defaulting employer then becomes liable to a suit for damages instituted by the state board

to recover the compensation paid, plus an addition of 50 per cent of the amount as a penalty for non-compliance with the act.

(6) Employers having in their employ less than five employees may insure their workmen under this act but are not obliged to do so. In case they do not, they are liable, as heretofore, under the amended employers' liability law of 1910.

(7) The State Liability Board of Awards is to establish the rates for each trade, as heretofore, and is to keep a separate account of the money paid in every six months by each employer in the trade and the amount paid out in compensation to his employees. The employer is to be credited with any balance due him, and his payments for the next six months will be reduced by that amount. Any disbursements made on his account in excess of his contributions are to be collected from him. It is believed that this part of the plan will stimulate employers to take all possible precautions to prevent accidents.

(8) The rates of compensation (in general two thirds of impairment of earning capacity) and other benefits remain the same as under the elective law of 1911, but in some instances the amounts are made more definite, as in case of the loss of a finger, arm, eye, etc.

(9) The act provides that in case the courts declare any portion of the act unconstitutional, this shall not affect the constitutionality or validity of other portions or sections.

This act was one of the leading administration measures, Governor Cox giving it his strong support. In spite of a strong fight against some of its provisions by the liability insurance companies and certain employers, the bill received only two negative votes in the senate and none whatever in the house.

M. B. HAMMOND.

Ostensibly an attack on the first annual report of the Industrial Insurance Commission of the state of Washington, and essentially an attack on the compensation law itself, is a pamphlet entitled *Workmen's Compulsory Compensation System; State of Washington. A Proved Failure and a Business Menace*, by J. V. Paterson (Seattle, 1913, pp 24). The author is president of the Seattle Construction and Dry Dock Company. He assails the provisions by which the various funds would be liquidated, were the law to be repealed. He complains that the commission has neglected its reserves for continuing claims. Doubtless it is actuarially best to collect each year premiums large enough for all the obligations incurred in the year. But that means

preferring a heavy burden suddenly imposed to one gradually increasing—yet the author is far from inviting a heavier immediate charge. Under an assessment system employers must shoulder the burdens of bankrupt predecessors; will these really be large enough to frighten new business men away from Washington? The author believes affirmatively. Better directed is his attack upon certain inequalities in the awards to workmen of different grades; these should be readjusted. The final charge that the law is a tool for the agitator and union members is a distrust of state activity in general.

R. F. FOERSTER.

The Report of the Oregon Commission to Draft a Workmen's Compensation Bill is notable for its brevity. Apparently the principle is so generally accepted that exhaustive argument is not considered necessary. The Washington act is followed in the bill submitted. (Salem, Oregon, Executive Department, pp. 23.)

The Bureau of Labor continues its reprints of foreign insurance laws by issuing Bulletin No. 107, *The Law Relating to Insurance of Salaried Employees in Germany* (Washington, Sept. 3, 1912, pp. 67). There is an introduction by Dr. Henry J. Harris who also has undertaken the translation.

Exhibits of the Prudential Insurance Company of America describe the actuarial experience of this company, as presented to the International Congress on Hygiene and Demography, Sept., 1912. (Newark, N. J., pp. 79.) It throws much light upon occupational mortality.

Social Problems

The Thirty-fifth Annual Report of the Charity Organization Society of Buffalo, 1912 (Buffalo, 1912, pp. 79) carries on its title page "Poverty is growing less in Buffalo." In 1881 when the population of Buffalo was only one third of what it was in 1912 the number of families dealt with by the society was practically the same. In 1876, the year before the charity organization society was born, one tenth of all the people in Buffalo were on the poor books, not including the city poor in institutions. In 1882, within five years of the organization of the society, the percentage had been reduced to 3 per cent, and in 1912 to 1.1 per cent. "Poverty is a curable disease; it is being cured in Buffalo."

The Thirtieth Annual Report of the Charity Organization Society of the City of New York, 1882-1912 (New York, 105 East 22d St., pp. 120), illustrates the wide range of view taken in recent years

by charitable agencies. Several pages are devoted to the recent crisis in housing reform in New York city. There are chapters on the New York School of Philanthropy and the Charities Publication Committee, in which the work of industrial surveys is briefly summarized.

Library Bulletin No. 10 of the New York School of Philanthropy is devoted to the subject of *Infant Welfare* (United Charities Bldg., New York, March, 1913, pp. 4). The bibliography relates to the subject of infant mortality and the protection of working women who are bearing children.

According to the statistics collected in *Report of the National League for the Protection of the Family for 1912* (Rev. S. W. Dike, sec'y, Auburndale, Mass.), the number of divorces in New England increased in 1911 as compared with 1910. In 1910 the number was 4834, and in 1911, 5204.

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by W. M. Adriance)

ALLIX, E. *Destutt de Tracy, économiste*. Rev. d'Econ. Polit., July-Aug., 1912.

An exposition of the psychological basis of de Tracy's economics.

ALLIX, E. *L'oeuvre économique de Germain Garnier*. Revue d'Hist. Doct. Econ., No. 4, 1912. Pp. 26.

A study of the interaction of economics and politics.

ANDERSON, B. M., JR. *Patten's reconstruction of economic theory*. Pol. Sci. Quart., Mar., 1913. Pp. 6.

A very thoughtful review of Professor Patten's recent monograph.

AMOROSO, L. *Paretaio e "spirito paretiano"*. Giorn. d. Econ., July-Aug., 1912. Pp. 5.

Defense against the charge of Professor Jannaccone that the author and others had cribbed their doctrines from Pareto.

AMOROSO, L. *La distribuzione della ricchezza come fenomeno di diffusione*. Giorn. d. Econ., Sept., 1912. Pp. 17.

A mathematical study of the "fundamental laws" of the circulation of goods. The paper was read at the Fifth International Congress of Mathematicians at Cambridge, England.

BARRAULT, H. E. *Les doctrines de Cournot sur le commerce international*. Rev. d'Hist. Doct. Econ., No. 4, 1912. Pp. 14.

A study of the ultimate bases of Cournot's protectionist views.

BORGATTA, G. *Le azioni pseudoeconomiche*. Riv. Ital. di Sociologia, May-Aug., 1912. Pp. 31.

All of the acts of men in the economic world are either economic (logical) acts or are pseudo-economic (non-logical) acts. The latter result mainly from economic motives, but partly from foreign motives, such as political, religious, moral, aesthetic.

BRISMAN, S. *Annu nagra ord om kapitalet och kapitalrörelsen*. Ek. Tids., No. 10, 1912.

A continuation of the discussion between Dr. Brisman and Professor Wicksell concerning capital and interest.

CUNYNGHAME, H. H. *Address to the economic science and statistical section of the British association for the advancement of science*. Journ. Royal Stat. Soc., Dec., 1912. Pp. 9.

Supports the claim of economics to a place among the exact sciences.

ENGLAND, M. T. *Fisher's theory of crises: a criticism*. Quart. Journ. Econ., Nov., 1912. Pp. 11.

Holds that the interest rate does not (as a cost of production) "lag" in a period of rising prices, and so cause a false prosperity.

FAGUET, E. *Une étude sur Le Play*. Rev. des D. Mondes, Dec. 15, 1912. Pp. 14.

An essay mainly on forms of government, with the views of Le Play as texts.

FARNAM, H. W. *Shakespeare as an economist*. Yale Rev., Apr., 1913. Pp. 20.

Shows the reflection in the plays of Shakespeare of various economic aspects of the life of the times.

FEILBOGEN. *L'école autrichienne d'économie politique*. Journ. des Econ., Jan., 1913. Pp. 7.

A continuation of Feilbogen's series. Deals with Böhm-Bawerk's new edition of the *Positive Theory of Capital*.

GUYOT, Y. *Le méthode et la science économique*. Journ. des Econ., Feb., 1913. Pp. 21.

A plea for individualism and the economic harmonies.

LASKINE, E. *Les doctrines économiques et sociales d'Eugène Dühring*. Rev. d'Hist. Doct. Econ., No. 4, 1912. Pp. 48.

A study of the evolution which took place in the thought of Dühring. in the course of his long career.

MARSHALL, L. C. *Sequence in economics courses at the University of Chicago*. Journ. Pol. Econ., Jan., 1913. Pp. 15.

Discusses a comprehensive scheme for the arrangement of a curriculum in economics.

PATTEN, S. N. *The background of economic theories*. Am. Journ. Sociol., Mar., 1913. Pp. 5.

Contrasts the reactionary, revolutionary, and evolutionary points of view as backgrounds for economic ideas.

FIGOU, A. C. *The interdependence of different sources of demand and supply*. Econ. Journ., Mar., 1913. Pp. 6.

An analysis of aggregate demand and supply schedules into their component elements.

PIROU, G. *Les interprétations récentes de la pensée de Proudhon*. Rev. d'Hist. Doct. Econ., No. 4, 1912. Pp. 32.

Proudhon is quoted today by various (antithetical) schools of thought. This article is an inquiry as to his essential doctrines.

PRATO, G. *Di alcune recenti teorie sul capitale e sul reddito e delle loro conseguenze tributarie*. Rif. Soc., Nov., 1912. Pp. 48.

A critical review of recent theories of capital and income and of their implications as to the effects of an income tax.

RAFFALOVICH, A. *Frédéric List et la polémique autour de ses idées en 1912*. Journ. des Econ., Dec. 15, 1912. Pp. 7.

Discusses the basis of List's protectionism, and raises the question as to what policy he would favor if he were living in Germany today.

SMALL, A. W. *The reconstruction of economic theory.* Am. Journ. Soc., Jan., 1913. Pp. 3.

An adverse criticism of Patten's recent monograph.

WICKSELL, K. *Kapital- und kein ende!* (Svar til doc. Brisman.) Ek. Tids., No. 9, 1912.

A theoretical discussion of capital in reply to Dr. Brisman, who has criticised the author's lectures on this subject in certain particulars.

WOLFE, A. B. *The aim and content of the undergraduate economics curriculum.* Journ. Pol. Econ., Jan., 1913. Pp. 17.

Considers various ideals and needs in the teaching of economics.

Economic History, United States

(Abstracts by E. L. Bogart)

ESAREY, L. *Internal improvements in early Indiana.* Indiana Hist. Soc. Pub., Vol. V, No. 2, 1912.

A good brief account of the early efforts of Indiana to solve the transportation needs of the people of the state by building roads, canals, and to some extent railroads. The experience of Indiana is shown to have been very similar to that in other states along these lines. The account is based upon official documents and newspapers, but lacks an index.

HAZARD, B. E. *The organization of the boot and shoe industry in Massachusetts before 1875.* Quart. Journ. Econ., Feb., 1913.

This is said by the author to be "a preliminary survey of an investigation the detailed conclusion of which will be published later." It is based largely on the oral testimony of fast-disappearing old workers, and traces the development of the industry through four stages—home, handicraft, domestic, and factory. A careful and laborious piece of work.

KEIR, R. M. *The tin-peddler.* Journ. Pol. Econ., Feb., 1913.

A brief statement of the services of the Yankee tin peddler in marketing the produce of the New England manufacturers during the first half of the nineteenth century. Even in a brief note, mention should have been made of Dwight's description in his *Travels*.

SCHULTZE, E. *Das Wirtschaftsleben der Vereinigten Staaten im ersten Jahrzehnt des 20. Jahrhunderts.* Schmoller's Jahrb., No. 4, 1912.

A survey, based largely upon the various census reports, of the industrial developments of the United States during the past decade. The author concludes that the European nations need not fear an "American danger," as the high price of wages, materials, and especially food-stuffs will hamper our competitive power.

Economic History, Foreign

(Abstracts by Clive Day)

ANDREADES, A. *Les idées financières de l'abbé de Saint-Pierre.* Rev. Sci. Légis. Finan., Oct.-Dec., 1912. Pp. 42.

An excellent article, well organized and provided with full bibliographical notes.

BALLOT, C. *Les prêts aux manufactures sous le premier Empire*. Rev. des Etudes Napoléoniennes, July, 1912.

BRAESCH, F. *Essai de statistique de la population ouvrière de Paris vers 1791*. Revol. Franç., Oct., 1912.

BRANTS, V. *L'économie politique et sociale dans les écrits de L. Lessius (1554-1625)*. Rev. d'Hist. Ecclésiastique, Vol. XIII, Nos. 1-2.

BREYSSIG, KURT. *Der wirtschaftliche Fortschritt und die Aufgaben einer geschichtlichen Entwicklungsmechanik*. Schmoller's Jahrb., No. 4, 1912. Pp. 13.

Review of Mitscherlich's book on economic progress, with a critical discussion.

BRUCCOLERI, G. *Un po'di luce sulla distribuzione della proprietà in Sicilia*. Giorn. d. Econ., Feb., 1913. Pp. 19.

Sicily is still a country of a rich class and a large poor class. Formerly this condition led to uprisings. Latterly emigration has checked these, without really touching their causes.

CAUSSY, F. *La politique commerciale de Voltaire*. Grande Rev., Feb., 1912. Pp. 16.

CAVAIGNAC, E. *La population de l'Italie au III^e siècle avant J.-C.* Rev. des Etudes Hist., May-June, 1912. Pp. 7.

Estimates, from the statement of Polybius, a total population in the peninsula of five or six million.

CUNNINGHAM. *The economic basis of universal peace—cosmopolitan or international?* Econ. Rev., Jan. 15, 1913. Pp. 6.

Reprint of a paper read at the Dundee meeting of the British association, urging the abandonment of free trade for the sake of world peace.

GARCIN, F. *La corporation des maitres tissutiers ribandiers de Lyon et des lieux circonvoisins*. Réf. Soc., Mar. 1, 16, 1913. Pp. 9, 16.

A study of industrial organization and regulation, mainly in the seventeenth and eighteenth centuries.

GIRARD, R. *Le mouvement physiocratique en France*. Rev. de Synthèse Hist., Oct., 1912. Pp. 7.

Review of Georges Weulersse.

GUTTMANN, J. *Die Juden und das Wirtschaftsleben*. Archiv f. Sozialwis., 1913. Pp. 63.

A criticism of Sombart's theories and facts.

HAPKE, R. *Die neuere Literatur zur Geschichte der Niederländischen Wollindustrie*. Viert. f. Sozial. u. Wirtsch. Gesch., X, 1, 2, 1912. Pp. 23,

JUNGE-HERMSDORF, F. E. *Germany's industrial policy contrasted with American tendencies*. Engg. Mag., Feb., 1913. Pp. 9.

KAREIER, N. *Un livre russe sur l'histoire des ouvriers français pendant la Révolution*. Révol. Franç., Aug., 1912. Pp. 23.

LAGNY, G. *Les relations économiques austro-serbes*. Rev. Sci. Pol., Jan.-Feb., 1913. Pp. 15.

Analysis of Servian commerce and recent commercial policy, with particular regard to the situation resulting from the war with Turkey.

LEFACORMOUX, J. *La commission de la vie économique de la Révolution française et son oeuvre*. Viert. f. Sozial. u. Wirtsch. Gesch., X, 1, 2, 1912. Pp. 14.

Survey and appreciation of the plans and work of the commission.

NEWBOLD, J. *The birth of Roman capitalism*. Socialist Rev., No. 3, 1912. Pp. 6.

PICARD, R. *Les mutations des monnaies et la doctrine économique en France, du XVI^e siècle à la Révolution*. Rev. d'Hist. Doct. Econ., May, 1912. Pp. 23.

SANDER, P. *Ueber die Wirtschaftsentwicklung der Karolingerzeit*. Schmoller's Jahrb., No. 1, 1913. Pp. 25.

Devoted for the most part to a summary and criticism of the important work by Dopsch, published in 1912, but containing also an admirable little introduction on the views of earlier writers. Sander accepts in the main the conclusions of Dopsch, which put the *Capitulare de villis* and other sources in an entirely new light, and deny to the great landed estates the organizing influence attributed to them by Inama.

TORRE, J. M. DE LA. *Lo que fuimos y lo que somos ó la Habana antigua y moderna*. Revista Bimestre Cubana, Sept.-Oct. and Nov.-Dec., 1912. Pp. 44 and 40.

A history of the growth of Havana, its people and its institutions.

WOPFNER, H. *Beiträge zur Geschichte der älteren Markgenossenschaft*. Mitt. d. Inst. f. österr. Geschichtsforschung, XXXIII, 4, 1912.

Economic Geography

(Abstracts by E. V. D. Robinson)

BRADLEY, F. W. and STADLER, W. *Oil industry of California*. Engg. News, Feb. 6, 1913.

Chief dangers threatening industry are competitive drilling in excess of demand and the influx of water.

GRANT, K. C. *Flood of Jan. 9, 1913, at Pittsburgh, Penn.* Engg. News, Jan., 1913.

JOURDANA *L'industrie de la houille blanche (projet de transport des forces motrices du Rhône à Paris)*. Rev. Sci. Pol., Nov.-Dec., 1912.

Development of hydro-electro power in the French Alps. France is estimated to have 10 million horsepower available, with 1.2 million now in use. A new installation is now planned on the upper Rhone which will provide 80,000 horsepower and also make possible river and canal navigation to Geneva.

LOZE, E. *Le prix du charbon (semestre d'hiver 1912-1913)*. L'Econ. Franç., Oct. 26, 1912.

The consumption of coal in France has risen about 15 million tons from 1902 to 1911. The output in France approaches two thirds of the consumption.

PAYEN, E. *La production en France de la fonte et de l'acier*. L'Econ. Franç., Oct. 19, 1912.

The increase in iron production in 11 years was 66 per cent. The output of other countries has, however, increased even faster.

PAYEN, E. *Le caoutchouc: sa production, son marché*. L'Econ. Franç., Nov. 9, 1912.

WILLEY, A. *The world's greatest iron deposits. Cuba and Superior: a contrast in methods and machinery*. Engg. Mag., Mar., 1913.

Largely technical in character.

YOUNG, G. A. *The mineral resources of Canada*. Ann. Am. Acad., Jan., 1913.
 ——— *Report of the Alaska railroad commission*. Engg. News, Mar. 20, 1913.

Commission recommends railroads from Cordova to the Tanana Valley, and from Seward to the Kuskokwim in order to open up Bering River and Matanuska coal fields and also connect with interior waterways.

Agricultural Economics

(Abstracts by John Lee Coulter)

AEREBOE, F. *The value of landed property. Based on its net revenue, its purchase price and the credit that it commands*. Bull. Bur. Agr. Intelligence, Nov., 1912. Pp. 7.

A valuable analysis of the problem of land values.

ALVIN, J. *The land's share in the state budgets*. Country Gentleman, Sept. 14, 1912.

Discussion and facts as to state appropriations for the development of agriculture.

CHAMBERLAIN, E. *European land and rural credit facilities*. Bankers Mag., Nov., 1912. Pp. 7.

An address delivered before the Savings Bank Section of the American Bankers' Association at its annual convention held in Detroit, Mich., Sept. 12, 1912. Describes the best known forms of rural credit societies in Europe after much study and a personal investigation, and gives chief characteristics.

COULTER, J. L. *Agricultural development in the United States 1900-1910*. Quart. Journ. Econ., Nov., 1912.

A summary of the Thirteenth Decennial Census with statement of movement during the decade and evident tendencies.

ESCHWEGE, L. *Das landliche Kreditproblem*. Die Bank, Nov., 1912. Pp. 11.

German experiences and problems including statistics showing extent of present systems.

...

E. P. *Les discussions de la société d'économie politique de Paris: la législation française en vue de maintenir et de développer la petite propriété rurale.* Econ. Franç., May 11, 1912. Pp. 3.

Analyses of the results of legislation and of the small farm system.

GIRARD, H. *Cost of harvesting in France.* Journ. d'Agr. Pratique, July 4, 1912. Trans. and reprinted in Journ. Bd. Agr., Feb., 1913. P. 1.

In a paper read before the National Society of Agriculture of France, the cost of harvesting on a farm of 286 acres, of which 175 acres were in wheat and 111 acres in oats, is given in detail, including cost of harvesting 64 acres by hand and 222 acres by machinery.

HENNESSY, C. O. *Federal control of building and loan associations. Land banks to relieve the farmer.* Supplement to Am. Bldg., Assoc. (New vol. XXXII, No. II), Nov., 1912. Pp. 11.

A resumé of agitation in the United States, with proposals.

LAUT, A. C. *Irrigation: how it is making good.* Rev. Rev., Oct., 1912.

PALMER, T. G. *The high cost of living.* Am. Sugar Industry, Dec., 1912.

A brief summary of "Sugar at a Glance" (Sen. Doc. 890, 62 Cong., 2 Sess., pp. 68), concerning national economy and the high cost of living as affected by the increased yield of other crops when grown in rotation with sugar beets.

PRICE, H. C. *How European agriculture is financed.* Pop. Sci. Mo., Mar., 1913. Pp. 13.

European systems described after a year spent in Germany studying agricultural systems.

ROBINSON, L. G. *The agricultural activities of the Jews in America.* Am. Jewish Yearbook, 5673 (Reprint), 1912. Pp. 96.

Historical as well as descriptive review including discussion of coöperation and rural credit, with bibliography.

STABLER, H. S. *The safe side of irrigation investments.* Country Gentleman, Sept., 14., 1912.

Discusses phases of irrigation or water-farming that are often overlooked.

WOODRUFF, G. *Mortgage banks.* Moody's Mag., Dec., 1912. Pp. 5.

A description and discussion of farm loans from experience as a banker, and after careful first-hand study of European systems, with a constructive plan of action.

——— *Agricultural coöperative credit societies and joint-stock banks.* Journ. Bd. Agr., Feb. 1913. Pp. 6.

Explains an arrangement made by the Board of Agriculture and Fisheries with 20 banks having country branches with regard to the assistance which the banks can offer to registered coöperative credit societies in England consisting mainly of small holders and allotment holders. The assistance takes the forms of aid by the coun-

try bank managers in forming societies, instruction in bookkeeping, annual auditing of accounts without remuneration, loans at as good rates as possible, and granting loans for twelve months when they may be subject to repayment, renewal, or reduction.

————— *Notes on agricultural coöperation.* Journ. Bd. Agr., Feb., 1913.

Pp. 9.

Profitable systems of dairy farming. Farmers' Bull. 517 (U. S. Dept. Agr.), Sept., 1912. Pp. 4.

Four systems of cropping with comparative profitableness, compiled from Ill. Sta. Circ., 151.

————— *Rural economics.* Bull. Bur. Agr. Intelligence, Nov., 1912, Pp. 12.

Articles discussing "grazing farms and hold-crop farms; their profits and reciprocal complementary character" and "what assistance can live-stock farmers expect from bookkeeping and calculations."

————— *State aid to agriculture in Austria.* Journ. Bd. Agr., Feb., 1913. Pp. 2.

About \$1,250,000 is provided by the government annually for the development of the annual breeding industry. The lines of work include the improvement of live-stock, pasture, and dairying, together with the encouragement of the purchase of fertilizers and feeding stuffs by coöperative associations and in the promotion of live-stock insurance.

————— *Les caisses de credit agricole mutuel en 1911.* Econ. Franç., Nov. 9, 1912. Pp. 2.

Review of activities of rural credit organizations, the establishment of new banks, etc., with statistics.

Commerce and Industry

(Abstracts by H. S. Person)

DE BRAY, A. J. *Notre commerce exterieur.* Rev. Econ. Canadienne, Nov., 1912. Pp. 17.

Survey of Canadian commerce; rejection of reciprocity treaty with the United States a mistake.

COCHRANE, A. F. *Argentina: its banking and commerce.* Scottish Bankers Mag., Oct., 1912. Pp. 8.

Banking done by large institutions with branches. Foreign banks center in the large cities.

CONCETTI, C. *Un' industria moribonda: trecce e cappelli di paglia nel Piceno.* Giorn. d. Econ., Jan., 1913. Pp. 23.

The straw hat home industry has ceased to support its workers. It should be allowed to disappear and the workers turn to agriculture.

DURAND, E. D. *Manufacturing on the Pacific coast.* Rollins Mag., Apr., 1912. Pp. 5.

Rapid development should be continued.

GRIFFITHS, J. L. *The world copper industry.* Daily Cons. & Trade Repts., Sept. 18, 1912. Pp. 13.

HAYS, W. M. *Communication—functions and needs of our great markets.* Ann. Am. Acad., Jan., 1913. Pp. 16.

Discussion of the economic function performed by speculation, the evils; remedies.

HECHT, O. *Die handelspolitischen Beziehungen Oesterreich-Ungarns zur Türkei.* Zeitschr. f. Volkswirtsch., No. 1, 1913. Pp. 46.

Historical and statistical sketch of the development of the trade between Austria and Turkey.

LIEFMANN, R. *Die internationale Organisation des Frankfurter Metallhandels.* Weltwirtsch. Archiv, Jan., 1913. Pp. 16.

RATHGEN, K. *Deutschland und England auf dem Weltmarkte.* Schmoller's Jahrb., No. 1, 1913. Pp. 14.

The economic necessity and inevitableness of Germany's industrial development should be recognized—by England especially.

SCHULLER, R. *Die Handelspolitik und Handelsbilanz Oesterreich-Ungarns.* Zeitschr. f. Volkswirtsch., XXI, 1, 1912. Pp. 20.

Imperial rather than particularistic interests should govern the trade and tariff policy.

SCHULTZE, E. *Die Entwicklung der Handelsbeziehungen Kanadas zu den Vereinigten Staaten mit besonderer Berücksichtigung Englands.* Zeitschr. f. Socialwis., July, Sept., Oct., Nov., Dec., 1912. Pp. 91.

Admirable articles. Economic forces drawing Canada closer to the United States and away from British imperialism.

TSCIERSCHKY, S. *Neumerkantilismus und wirtschaftliche Interessenorganisation.* Schmoller's Jahrb., No. 1, 1913. Pp. 22.

Argument for a "new mercantilism" and explanation of the part to be played by trade, commercial, labor and other group organizations in it.

TURMANN, M. *L'organisation actuelle des bourses de commerce en France.* Mouv. Social, Jan. 15, 1913. Pp. 20.

Clear statement of the functions, organization, and administration of boards of trade in France.

WEBB, A. D. *The consumption of alcoholic liquors in the United Kingdom.* Journ. Royal Stat. Soc., Jan., 1913. Pp. 13.

Consumption tends to vary directly with real wages.

Waterways

(Abstracts by Edwin J. Clapp)

BOGART, E. L. *Early canal traffic and railroad competition in Ohio.* Journ. Pol. Econ., Jan., 1913.

The rise and fall of the two canals from the Ohio to the Lakes—the Ohio Canal from Cleveland to Portsmouth and the Miami Canal from Cincinnati to Toledo. They flourished in the thirties and forties

but easily succumbed to the competition of railroads which, unlike these canals, were built in the direction in which traffic moved.

CLAFF, E. J. *Rhein und Mississippi*. Schmoller's Jahrb., II, 3-4, 1912.

Substantially the same material contained in the last chapter of the author's *Navigable Rhine*.

CORNISH, V. *The Panama canal and its relation to the British empire*. United Empire (London), Aug., 1912.

Demonstrates the advantages of the canal to England as an empire, in shortening distances between its dependencies, and as the leading maritime nation of the world.

EGGER, E. *Les ports de Mannheim. I*. Rev. Sci. Pol., Jan.-Feb., 1913.

Discussion of the geographical and economic causes for the development of the harbor group known as Mannheim, at the head of navigation on the Rhine. Of interest to Americans as showing that coöperation between rail and water carriers which makes the Rhine a traffic watershed for all South Germany. To resuscitate river transportation here we must have the same coöperation.

HOWE, F. A. *The sensitiveness of the modern seaport*. Econ. Journ., Sept., 1912. Pp. 10.

Inspired by an Englishman's discovery of the report of the 1900-1902 Royal Commission on the Port of London. He makes the well-known point that no port, unless progressive, can today be sure of its hinterland. Former geographical advantages, such as a situation far up a river, is today, when deep channels must be dredged, a positive disadvantage. The commerce of the port of London is more and more being confined to local and transshipment trade. The exports and imports of inland points are being handled by ports like Liverpool and Hull, where congestion is less severe and handling costs are lower.

JOHNSON, E. R. *Panama canal tolls*. Ry. Age. Gaz., Dec. 6, 1912.

It is figured that the canal will pass 10,500,000 net register tons of shipping within a year of opening. Suez Canal rates of \$1.20 per ton would for some years result in less than the annual cost of \$19,250,000 (interest, amortization, upkeep, and operation). But the growth of shipping will wipe out the deficit by 1925. Advises against exempting from tolls American vessels in the coasting trade.

JOHNSON, E. R. *Panama canal traffic and tolls*. N. Am. Rev., Aug., 1912.

A popularization of the author's recent report, *Panama Canal Traffic and Tolls*.

PAYEN, E. *Les résultats de la navigation intérieure*. L'Econ. Franç., Mar. 15, 1913.

Resumé of French figures for 1911, the latest; 28 million tons moved on French waterways—one third building materials, one third fuel; less than 1,000,000 tons moved in steamers, the rest in barges; 84 per cent of the traffic was on waterways at least 6 1/2 feet deep. Water-borne traffic in France equals one fourth of the rail-borne.

RING, W. *Effect of Panama canal on trade and travel*. Exporters' Rev., Mar., 1912. Pp. 4.

Mr. Ring is oversea merchant of forty years' experience. He wants the American merchant marine resuscitated by adding to the present right to buy abroad ships for the foreign trade, the right to operate these ships under the navigation laws like those of our competitors. He says this would mean a boom of the shipbuilding industry, first in repairs, then in actual shipbuilding.

Railways

(Abstracts by Ernest R. Dewsnap)

AJAM, M. *Chemins de fer français et allemands*. Journ. d. Transports, Mar. 8, 1912. P. 1.

Prussia devotes but a small amount to the amortisation of its capital.

ALLIX, G. *Le transport des houilles et le chemins der fer du Nord*. Journ. d. Transports, Mar. 1, 8, 1913. Pp. 5.

The Northern Railway of France offers more favorable conditions for the transportation of coal than do the competing waterways. The railway has arranged both its tariffs and its facilities so as to meet the needs of the public.

ALLIX, G. *L'avenir économique du canal de Panama*. Journ. d. Transports, Mar. 15, 1913. Pp. 2.

The interests of French commerce seem to have little to expect from the opening of the canal.

AMOROSO, L. *Italia e Francia e le ferrovie transahariane*. Giorn. d. Econ., Nov.-Dec., 1912. Pp. 29.

On economic and political grounds, both France and Italy have to gain by a trans-Sahara railway system. The best policy as to location, length, and other matters, is discussed.

CUNNINGHAM, W. J. *A criticism of James J. Hill's statistics*. Ry. Age Gaz., Feb. 21, 1913. P. 1.

Criticises Mr. Hill's use of ton-mileage revenue for purposes of comparison, and other minor points.

DUNN, S. O. *The needs of the railways*. Ry. Age Gaz., Feb. 21, 1913. Pp. 4.

A discussion of what can and what cannot be done by the railways themselves to offset the increasing expenses of operation.

ERICKSON, H. *Regulation of utilities by commission*. Ry. Age Gaz., Mar. 28, 1913. Pp. 5.

Explains the principles that should be applied and the methods used in dealing with service, rates, and financial return.

FINLEY, W. W. *Regulation of railways*. Ry. Age Gaz., Feb. 7, 1913. Pp. 3½.

FLORANCE, H. *The parcels post*. Am. Rev. Rev., Jan., 1913.

FREEMAN, L. R. *How the railroad is modernizing Asia*. Am. Rev. Rev., Feb., 1913.

GUYOT, Y. *Results of public ownership in France.* Ry. Age Gaz., Feb. 7, 1913. Pp. 1½.

The working of state railroads is more costly than had ever been foreseen by its adversaries. It has proved the powerlessness of Parliament to control such undertakings.

JACOBS, H. W. *Impressions of European railway practice.* Ry. Age Gaz., Mar. 21, 1913. Pp. 2.

Training of employees and careful selection and design of material are given more attention than in this country.

LACOUR-GAYET, J. *Les chemins de fer du Canada.* Journ. d. Transports, Mar. 8, 1913. Pp. 3.

A general description.

LEROY-BEAULIEU, P. *Le budget des chemins de fer de l'Etat.* L'Econ. Franç., Jan. 11, 1913. Pp. 1½.

Discusses M. Périssond's report upon the budget of the Ouest-Etat for 1913. The deficit continues to increase.

MACLER, M. *Le budget des chemins de fer de l'Etat.* Journ. des Econ., Jan., 1913. Pp. 14.

An abstract of M. Périssond's report to the French Chamber upon the budget of the state railways, for 1913. The financial outlook is still unpromising.

NEWCOMB, H. T. *Railway valuation as proposed in the Adamson bill.* Ry. World, Jan., 1913. Pp. 2.

The long and difficult investigation proposed by the Adamson bill ought to be referred to a special body of experts and not to the Interstate Commerce Commission.

NEWCOMB, H. T. *The government railways of New Zealand.* Ry. World, Feb., 1913. Pp. 6.

A criticism of the management of the railway system of New Zealand—based upon quotations from other writers.

PAWLOWSKI, A. *Les chemins de fer belges en 1911.* Journ. d. Transports, Jan. 11, 1913. Pp. 3.

The state lines show an increase in gross earnings of 1½ per cent, but a decrease in net income of 3 per cent. The private lines show an increase of 6½ per cent in gross and of 5½ per cent in net.

PAWLOWSKI, A. *Les chemins de fer d'Etat. I, II.* Journ. d. Transports, Jan. 18, 1913. Pp. 5½.

An abstract of those chapters of M. Yves Guyot's recent book, *La Gestion par l'Etat*, that deal with state management of railways. Such management is severely criticised.

PAWLOWSKI, A. *Les chemins de fer et le public.* Journ. d. Transports, Feb., 1913. Pp. 3.

The French railway companies have shown real progress in the development of the passenger service and of the service by *grande vitesse*.

PAWLOWSKI, A. *Les obligations des companies de chemins de fer.* Journ. Transports, Feb. 15, 1913. Pp. 3.

A statistical analysis of the prices at which French railway securities have been issued during the last quarter of a century. Attention is drawn to the depreciation of values.

PAWLOWSKI, A. *Les résultats des chemins de fer de l'Etat pour 1911.* Journ. d. Transports, Feb. 8, 1913. Pp. 3.

A summary of the official report. On its capital investment of at least a billion francs, the old state system (l'ancien réseau) has earned a net income of 8,500,000 francs. The Ouest-Etat, in spite of a favorable interest rate, has failed to meet its financial charges by 69,500,000 francs.

RÖHLING. *Einen internationale Beurteilung der wirtschaftlichen Lage der Eisenbahnen.* Archiv f. Eisenbahnw., Jan.-Feb., 1913.

SCHIMPF, G. *Wirtschaftliche Betrachtungen über Stadt- und Vorortbahnen V. Tarife und Einnahmen.* Archiv f. Eisenbahnw., Jan.-Feb., 1913. Pp. 34.

A discussion of existing tariffs in Berlin and Hamburg is followed by an analysis of the relation between the level of the tariff and the amount of traffic.

SPRINGER, E. *Zur Vorgeschichte der Berlin-Hamburger Eisenbahn.* Deutsche Rundschau, Aug., 1912. Pp. 8.

THACKARA, A. M. *Parcel post in Germany.* Daily Cons. & Trade Repts., Apr. 1, 1913. Pp. 3.

Describes the administration of the service and gives the rates.

THIESS, K. *Die Weltspur der Eisenbahnen. I. Weltwirtsch. Archiv, Jan., 1913. Pp. 14.*

The conditions of track-gauge in different countries are given, followed by some account of the movement toward uniformity.

THOMPSON, S. *The future of American railways.* Ry. World, Jan., 1913. Pp. 5.

Governmental regulation has been unjust to railway revenues.

WEHRMANN, L. *Die Einrichtung der Staatseisenbahnverwaltung.* Archiv f. Eisenbahnw., Jan.-Feb., 1913. Pp. 19.

An account of the development through which the state railway management of Prussia has passed.

WILD, M. B. *James J. Hill's statistics.* Ry. Age Gaz., Mar. 14, 1913. P. 1.

Criticises Professor Cunningham's review of Mr. Hill's statistics.

——— *Arbitration of the firemen's wage controversy. I, II, III.* Ry. Age Gaz., Mar. 28, 1913.

Summary of the evidence given before the arbitration board.

——— *The death-knell of British railways.* Rev. of Rev. (London), Sept., 1912.

Denounces the management of the goods service as inefficient. The locomotive and the railway train will be wholly substituted, before long, by motor traction.

Expense of freight car and locomotive repairs, renewals, and depreciation. Ry. & Engg. Rev., Jan. 4, 1913.

Gives the cost per mile run, 1908 to 1912 inclusive, on 30 of the leading railways of the country.

Express and freight traffic in Providence, R. I. Elec. Ry. Journ., Mar. 29, 1913. Pp. 3½.

An account of the methods used in handling express and freight by the Rhode Island Company (interurban).

Government regulation and railroad standards. Ry. Age Gaz., Mar. 21, 1913. P. 1.

Criticises the official reports (state or federal) of certain railway accidents.

On the efficiency of American railways. Ry. Age Gaz., Feb. 21, 1913.

Railway statistics. Archiv f. Eisenbahnw., Jan.-Feb., 1913.

Austria, 1910; Baden, 1911; Finland, 1910; French colonies, 1910; Russia, Jan.-June, 1911; Saxony, 1911.

Chemins de fer italiens de l'état. Journ. d. Transports, Dec. 28, 1912. P. 1.

Results for the financial year, 1911-1912.

Les chemins de fer l'état du Japon. Journ. d. Transports, Jan. 25, 1913.

Statistics for 1911 indicate that the state railways are much more costly than the private ones.

Les chemins de fer Espagnols en 1912. Journ. d. Transports, Feb. 8, 1913. Pp. 2.

Most of the Spanish railways are financed by English, French, or Belgian capital.

Les difficultés du trafic sur les chemins de fer de l'état autrichien. Journ. d. Transports. Feb. 22, 1913. P. 1.

Refers particularly to the lack of freight cars.

La grève des cheminots du North-Eastern railway. Journ. d. Transports, Jan. 4, 1913. Pp. 2.

After narrating the course of the Knox strike, the writer observes that, in spite of the length to which the North-Eastern has gone in its endeavor to conciliate labor, its employees are more often on strike than those of any other English railway.

La navigation intérieure de la France en 1911. Journ. d. Transports, Feb. 22, 1913. Pp. 2½.

From 1908 to 1911, waterway traffic in France increased 8½ per cent; rail traffic 12 per cent. Discusses the new canal enterprises, the Marseilles-Rhone and the Nord-Paris.

Die Güterbewegung auf deutschen Eisenbahnen und den deutschen Wasserstrassen. Archiv f. Eisenbahnw., Jan.-Feb., 1913. Pp. 67.

The customary annual statistics giving a very full analysis of the freight movement over German railways.

Accounting

(Abstracts by John Bauer)

ALLISON, J. E. *Should public service properties be depreciated to obtain fair value in rate or regulation cases?* Stone & Webster Pub. Serv. Journ., Feb., 1913. Pp. 22.

Holds that rate regulation should be based upon *fair value*; this is not market but cost value, unless a part of original cost has been returned to investors by excess profits over legitimate returns. Contains excellent discussions of unreliability, depreciation calculations, and of normal value of plant.

BRADLEY, F. E. *Reduction of capital.* Accountant, Feb. 22, 1913.

Refers to the English law and practice. Discusses steps to be taken and factors to be considered in reducing and retiring the capital stock of a corporation.

COLE, W. M. *Income statements for institutions.* Journ. of Account., Feb., 1913. Pp. 11.

From a forthcoming work on "Cost Accounting for Institutions." Describes the schedules of the proposed statement and presents a model with assumed values for the different items.

COLLINGS, B. C. *Executors and their accounts.* Accountant, Jan. 4, 1913. Pp. 11.

DODD, A. F. *Professional auditors.* Accountant, Mar. 1, 1913. Pp. 8.

Considers especially the auditing of depreciation, good-will, and goods on hand.

EGGLESTON, D. C. *Municipal cemetery accounts.* Journ. Account., Mar., 1913.

ELSWORTH, T. *Building society accounts and their audits.* Accountant, Feb. 15, 1913. Pp. 13.

Describes the principal books used, and gives illustrations of their rulings and forms.

ESQUERRE, R. J. *Good-will, patents, trade-marks, copyrights and franchises.* Journ. Account., Jan., 1913. Pp. 14.

A conventional and rather commonplace discussion.

HALLETT, W. E. *Investment value as basis for savings bank accounting.* Moody's Mag., Feb., 1913. Pp. 6.

Urges that in showing the true condition of a savings bank the investment value (i.e., the capitalized income of securities owned) should be used, not the market value; the latter is subject to various fluctuations that cannot be regarded by the accountant. A clear article.

HUNTER, J. *Farm accounts.* Journ. Account, Mar., 1913. Pp. 8.

MOJILTON, J. G. *Uniform municipal accounting for second-class cities.* Journ. Account., Feb., 1913. Pp. 6.

Describes rather indefinitely the uniform system of accounting that went into effect January 1, 1913, for the second-class cities of the state of New York.

NAN, C. H. *Accounting as a basis for and a measure of efficiency in business.* Journ. Account., Mar., 1913. Pp. 14.

A suggestive general article showing that effective cost accounting is pre-requisite to scientific management.

PATTERSON, A. N. *The importance of accounting in accordance with actual facts.* Stone & Webster Pub. Serv. Journ., Mar., 1913. Pp. 7.

Shows that net earnings and values of properties are often understated; charges are made to revenue that belong to capital; excessive reserves for depreciation are provided, and other similar inaccuracies occur. Thus on the score of conservation, injustice is often done to investors in public service corporations.

SALIERS, E. A. *Depreciation in valuations.* Journ. Account., Feb., 1913. Pp. 11.

Refers principally to public service corporations. Discusses several points about depreciation and valuation that must be and have been considered by commissions, in reference to rate making.

SHACKWELL, R. H. *Valuation of assets, for statement on balance sheets of companies.* Accountant, Jan. 18, 1913. Pp. 7.

Author holds that balance sheet values should represent *going values*; but, like most accountants, comes indirectly to the proposition that *cost values* are really the *going values*. Classes assets as permanent, transitory, wasting, and nominal (or intangible).

SILVESTER, T. E. *Debentures and their operation.* Accountant, Dec. 28, 1913. Pp. 8.

Report and recommendations of the special committee of the Federation of Master Printers and Allied Trades in the United Kingdom on costs and charges. Accountant, Mar. 8, 1913. Pp. 9.

Rules are formulated for determining the cost of printing. Rulings and accounting forms are given.

Value of property in New York reorganization case. Elec. Ry. Journ., Mar. 1, 1913. Pp. 2.

The New York Public Service Commission, Second District, in the case of the Westchester Street Railroad asking authority to issue capital stock for the purchase of certain properties, held that the proper basis of valuation of capitalization is earning power, which gives exchange value—with due regard, however, to all the individual features of the particular case in question. Cost of production or cost of reproduction would give little indication of what the value in exchange would be—and it is this that is contemplated in such problems of capitalization.

Public Utilities

(Abstracts by A. N. Holcombe)

ALLEN, W. S. *Some problems of public ownership.* No. Am. Rev., Jan., 1913.

A most important feature to be considered by any public body before embarking in a plan for public ownership is the risk of obsolescence and the possible need of entire replacement in a short time.

ERICKSON, H. *Regulation of utilities by commission.* Ry. Age Gaz., Mar. 28, 1913.

ESHELEMAN, J. M. *State vs. municipal regulations of public utilities.* Nat. Munic. Rev., Jan, 1913. Pp. 13.

Advocates state rather than municipal regulation except in the case of purely local utilities.

GILLETTE, H. P. *Two conflicting theories of valuation.* Ry. Age Gaz., Jan. 10, 1913.

A contrast of so-called "agency" and "competitive" theories, that is, of valuation based on cost of production and on cost of reproduction.

HAGENAH, W. J. *The appraisal of intangible values in public utilities.* Elec. World, Oct. 26, 1912.

Argument in favor of inclusion of losses caused by competition in such appraisals.

PETERS, J. W. S. *A suggested sliding scale of dividends for street railways, determined by quality of service.* Nat. Munic. Rev., Jan., 1913. Pp. 8.

Advocates appointment of boards of examiners, subject to popular recall, to determine the degrees of efficiency, and thereby the rates of dividend of street railway companies.

RIZZI, L. *La municipalisation des services publics en Italie. La loi giolitti du 29 Mars 1903.* Réf. Soc., Jan., 1913. Pp. 14.

Survey of municipal ownership and operation in Italy during last decade.

STRAUSS, F. *Some mistaken popular notions concerning public service corporations.* Elec. Ry. Journ., Feb. 1, 1913.

TAUSSIG, F. W. *Railway rates and joint cost once more.* Quart. Journ. Econ., Feb., 1913. Pp. 6.

A criticism of a chapter in Pigou's *Wealth and Welfare*.

VAIL, T. N. *Public utilities and policy.* Atlantic, Mar., 1913.

WATKINS, G. P. *The Wisconsin commission on electric rates.* Quart. Journ. Econ., Feb, 1913. Pp. 6.

Fixed charges should not be apportioned absolutely according to some scheme for dividing joint costs, but be treated differentially according to general economic and moral principles.

WORKS, L. R. *State vs. municipal regulation of public utilities.* Nat. Munic. Rev., Jan., 1913. Pp. 7.

Advocates municipal rather than state regulation of purely local utilities.

Bibliography. Special Libraries, Nov., 1912. Pp. 2.

Of interest to public service corporations.

A discussion of the Milwaukee fare decision. Elec. Ry. Journ., Jan. 18, 1913.

Gas rate decision in New Jersey. Elec. Ry. Journ., Jan. 4, 1913.

Comment on report noted above.

Regulation of public utilities in Wisconsin. Ry. & Engg. Rev., Mar. 29, 1913.

Corporations and Trusts

(Abstracts by M. H. Robinson)

BOYLE, J. E. *Canada's combines investigation act.* Quart. Journ. Univ. N. Dak., Jan., 1913.

The Canadian method of regulating combinations to that adopted by the United States. We should adopt the commission plan.

DAUGETT, S. *The decision on the Union Pacific merger.* Quart. Journ. Econ., Feb., 1913.

An excellent review of the evidence presented and the grounds upon which the court based its decision.

FINK, A. *Trust regulation. I, II, III.* No. Am. Rev., Jan., Feb., Mar., 1913.

I. The leality of price regulation under existing laws. II. The desirability of control by the commission method. III. The proper method of dealing with trusts.

JORDAN, H. W. *The promotion and flotation of limited companies.* Accountant, Feb. 22, 1913.

Brief description of the process of forming corporations in England.

HOGAN, F. J. *The patent monopoly. When does the patentee's right to dictate the resale price of his patented article terminate?* Georgetown Law Journ., Nov., 1912.

LANSBURGH, A. *Ein Konditionenkartell im Bankgewerbe.* Die Bank, Jan., 1913.

Shows how a combination would benefit the banking interests, by lessening competition, thus protecting reserves and rates, and safeguarding credit.

LANSBURGH, A. *Das Konditionenkartell und der Privatbankier.* Die Bank, Feb., 1913.

The position of the private banker in Germany is precarious and a general combination is necessary to preserve him.

MOELLER, W. *Die automatische Kontrolle der Preispolitik staatlicher Monopolesellschaften, erläutert am Beispiel eines Reichspetroleummonopols.* Schmoller's Jahrb., No. 1, 1913.

The plan, based upon the principle of granting the managers a larger proportion of the profits as the price is reduced, is elaborately presented and illustrated by many tables.

POPE, H. *The reason for the continued uncertainty of the Sherman act.* III. Law Rev., Nov., 1913.

The author shows by citing the more important cases that the courts have not established a standard of reason in cases involving monopolistic or semi-monopolistic prices.

SCHNEIDER, O. *Die Petroleummonopol.* Schmoller's Jahrb., No. 1, 1913.

An historical summary of the petroleum trade in Germany and its

present condition. The writer believes that the Standard Oil Co. is losing out and consequently a government monopoly is not necessary.

TRENKHORST, W. *Das Reichs-Petroleummonopol*. Zeitschr. f. d. ges. Staatswis., No. 1, 1913.

A detailed description of the petroleum situation in Germany is followed by a discussion of the dangers of a petroleum monopoly. The author concludes that the independents are growing relatively fast and that electricity will soon oust the Standard Oil Co.

————— *Assessment on stock of California corporations*. Journ. Account., Feb., 1913.

California's law permitting limited assessments upon fully paid stock worked fairly well until the amendment of 1907 authorizing preferred stock was adopted. The act needs amendment.

Labor and Labor Organizations

(Abstracts by George E. Barnett)

AFTALION, A. *Les oscillations periodiques des salaires*. Rev. Econ. Intern., July, 1912.

BAKER, J. N. *The American federation of labor*. Yale Law Journ., Dec., 1913.

The legality of A. F. of L. boycotts considered.

BELLOM, M. *Le travail à domicile et le contrat collectif*. Réf. Soc., Jan., 1913. Pp. 26.

A review of the discussion at the Zurich conference on the question of home work.

BRAUER, T. *Gewerkschaftliche Probleme in Deutschland*. Mouvement Social, Dec., 1913. Pp. 9.

The socialistic influence controls more and more the socialistic trade unions. The hope of German trade unionism lies in the Christian unions.

BROWN, E. F. *Child labor in New York canning factories*. Child Labor Bull., Feb., 1913. Pp. 7.

Summary of the report on this subject by the New York State Factory Investigating Commission.

BUSSON, F. *Bergarbeiterschutz in Preussen und Oesterreich*. Ann. f. Soz. Pol. u. Gesetzg., II, 3-4, 1913. Pp. 40.

A detailed comparative study of the legislative protection of mine workers in Prussia and Austria.

COMMONS, J. R. *Constructive investigation and the industrial commission of Wisconsin*. Survey, Jan. 4, 1913. Pp. 9.

An exposition of the principles which guide the work of the Wisconsin Industrial Commission.

CUNNINGHAM, W. J. *The locomotive engineers' arbitration: its antecedents and its outcome*. Quart. Journ. Econ., Feb., 1913. Pp. 32.

An excellent account of the arbitration proceedings, including an analysis of the arguments on both sides and the findings of the board.

DANIELS, N. H., JR. *Accident prevention. A corollary of workmen's compensation.* Stone & Webster Pub. Serv. Journ., Jan., 1913. Pp. 6.

Concrete suggestions for the prevention of certain kinds of accidents.

DEWEY, J. *Some dangers in the present movement for industrial education.* Child Labor Bull., Feb., 1913. Pp. 6.

An argument against placing the administration of industrial education in the hands of separate boards.

DIMNET, E. *Syndicalism and its philosophy.* Atlantic, Jan., 1913. Pp. 15.

DOUGLAS, J. *Syndicalism or coöperation?* Engg. Mag., Mar., 1913. Pp. 9.

As a defense against syndicalism, urges that employees should participate in ownership either collectively through their organizations or individually.

FURNESS, H. S. *Co-partnership and labour unrest.* Econ. Rev., Jan. 15, 1913. Pp. 13.

After a consideration of the trade-union objections to profit sharing, concludes that copartnership will not put an end to labor unrest.

GOMPERS, S. *The struggles in the garment trades.* Am. Federationist, Mar., 1913. Pp. 18.

A review of the various strikes in the New York garment trades since the shirtwaist strike of 1909.

GREGG, G. A. W. *Premium system in a steel foundry.* Engg. Mag., Feb., 1913. Pp. 3.

HEISS, C. *Die Arbeitsteilung und die Beschäftigung minderwertiger Arbeitskräfte in der modernen Grossindustrie.* Schmoller's Jahrb., No. 1, 1913. Pp. 35.

On account of extensive division of labor, large industrial establishments offer a field of employment for several classes of technically inferior workmen.

HOLDER, A. E. *Railroad strikes since 1877.* Am. Federationist, Mar., Apr., 1913. Pp. 6, 7.

HUTCHINS, B. L. *Fatigue and efficiency.* Sociol. Rev., Jan., 1913. Pp. 14.

A summary of Miss Goldmark's book of the same title.

KEELING, F. *The casual labour problem.* Econ. Journ., Mar., 1913. Pp. 18.

Describes the attempts made under the Labour Exchanges act to decasualise employment.

KESSLER, G. *Zur jüngsten Entwicklung der Arbeitgeber-Verbände.* Ann. f. Soz. Pol. u. Gesetzg., II, 3-4, 1912. Pp. 49.

A comprehensive survey of the history of German employers' associations since 1910.

LEFAS, A. *Le syndicalisme dans les fonctions publiques et le retour au moyen âge.* Rev. Pol. et Parl., Dec, 1912.

LESSER, E. *Juvenile labour in Germany.* Econ. Rev., Jan. 15, 1913. Pp. 10.

A brief description of the legal regulation of child labor in Germany.

LEWIS, H. T. *The problem of the efficiency of labor.* Pop. Sci. Mo., Feb., 1913. Pp. 10.

Efficiency systems will increase the efficiency of the laborer chiefly through enabling him to secure larger wages.

LIPOWSKI, J. *Die Frage der Arbeitslosigkeit in der klassischen Nationaloekonomie.* Zeitschr. f. d. ges. Staatswis., IV, 1912.

MYLES, W. L. *A simple bonus system and its results.* Ir. Age., Jan. 2, 1913.

PAYEN, E. *Le mouvement syndical en France.* L'Econ. Franc., Mar. 1, 1913. Pp. 2.

Brief statistical analysis of the growth of French trade unionism.

PIGOU, A. C. *The principle of the minimum wage.* Nineteenth Cent., Mar., 1913. Pp. 9.

Discusses the practicability of various forms of the minimum wage as instruments of social reform.

SMITH, C. *Das Lohnämtergesetz.* Ann. f. Soz. Pol. u. Gesetz., II, 3-4, 1913. Pp. 14.

Reviews the formation and work of the four English minimum wage boards. Concludes that the difficulties encountered can be solved.

SOCIETE D'ECONOMIE SOCIALE. *La loi de dix heures.* Réf. Soc., Feb. 16, 1913. Pp. 22.

Report of an interesting debate on the probable effects of the French ten-hour law of 1912. The participants were legislators, economists, and trade-union leaders.

SZABO, E. and VARLEZ, L. *La bibliographie du chômage.* Bull. de l'Assoc. Intern. pour la Lutte contre le Chômage, Oct.-Dec., 1912. Pp. 16.

The plan for the bibliography of unemployment which is now being prepared by the International Association.

TAYLOR, B. *The casualties of industry.* Fortn. Rev., Dec., 1912. Pp. 10.

A consideration of various aspects of the English workmen's compensation act. Urges that the workmen should pay part of the costs.

TREUB, M. W. F. *L'influence que peut exercer sur le chômage le mode d'exécution des travaux publics.* Bull. d l'Assoc. Intern. pour la Lutte contre la Chômage, Oct.-Dec., 1912. Pp. 23.

The results of an inquiry as to how far the public authorities in giving out contracts seek to secure more equal seasonal distribution of work and the employment of local workmen.

VARLEZ, L. *Rapport du secrétaire général sur la proposition de MM. Freund et Zacher relative à la statistique internationale du placement.* Bull. de l'Assoc. Intern. pour la Lutte contre la Chômage, Oct.-Dec., 1912. Pp. 18.

Full text of answers from different countries is given. *

VOIGT, A. *Gibt es Sabotage in Deutschland? Eine methodologische Betrachtung.* Zeitschr. f. Sozialwis., Sept., 1912.

WARDALE, W. T. *Another view of the co-partnership question.* Elec. Rev., Jan. 3, 1913.

Congressional achievements of labor. Report of A. F. of L. legislative committee. Am. Federationist, April, 1913. Pp. 20.

A review of the labor legislation introduced and enacted during the third session of the Sixty-second Congress. Contains full list of the votes on several of the more important measures.

Industrial disputes investigation act of Canada. Board of Trade Labour Gazette (London), Feb., 1913.

The New York factory bill. A symposium. Survey, Feb. 22, 1913.

Various aspects of the 32 bills submitted to the legislature by the New York Factory Investigating Commission appraised by experts.

Statistics of night telephone operators. N. Y. Lab. Bull., Dec., 1912. Pp. 20.

The results of an investigation by the New York Bureau of Labor. Contains tabulations showing ages, length of working hours, terminal hours, and wages of 2600 operators employed between 9 P. M. and 6 A. M.

L'application de la législation sur les accidents du travail. Rev. d'Econ. Industrielle, Dec. 20, 1912.

Troisième session du comité international, Zurich, 6 et 7 Septembre 1912. Bull. de l'Assoc. Intern. pour la Lutte contre la Chômage, Oct.-Dec., 1912. Pp. 34.

Discussions of international statistics of employment offices and of the relation of immigration to unemployment.

Prices and Cost of Living

(Abstracts by Henry J. Harris)

AFTALION, A. *Le salaire réel et sa nouvelle orientation.* Rev. d'Econ. Pol., Sept-Oct., 1912. Pp. 12.

During the nineteenth century real wages advanced; in the period of high prices for the last few years, real wages have decreased.

BURTON, T. E. *The cause of high prices.* Sci. Am., Supp. 73, 1912. Pp. 2.

High prices are as a rule due to a higher standard of living. Improvements in agriculture have not kept pace with those in industry. Relief from present high prices would come from centralization of distribution.

LENOIR, M. *Prix production, et consommation et quelques marchandises.* Bull. Stat. Gén. de la France, Jan. 1913. Pp. 48.

A study of prices, production, and consumption of coal, wheat, cotton, and coffee for leading countries. Over short periods, the price of coal has varied directly with the quantities consumed; over long periods, the price varies directly with the production of money metals and inversely with the acceleration of production. In the case of wheat, the fluctuations over short periods follow the crops and general economic movements, while during long periods the price fluctuations follow the demand and the production of money metals. The

price fluctuations in the case of cotton are difficult to follow, except as regards the influence of the production of money metals, which had the same effect as on coal and wheat. No generalization as to coffee is given. An elaborate table gives index numbers of prices and the per capita consumption for wheat 1815-1906, coal 1815-1906, cotton 1871-1906, coffee 1855-1911.

LESCURE, J. *Hausses et baisses générales des prix*. Rev. d'Econ. Pol., July-Aug., 1912. Pp. 38.

Profits, interest, rents, and wages vary with the prices of commodities. Author believes that the phenomenon can be stated in terms of supply and demand. Statistical appendix gives tables of prices, dividends, wages, gold production, etc.

MARCH, L. *Observation et stabilisation des prix*. Journ. Soc. Statist., Feb., 1913. Pp. 21.

Describes the Babson system of reporting business tendencies; suggests its possible use in preventing depressions; and urges the development of official price statistics, incidentally commending the plan for an international commission in prices.

MAYER, A. *Die Preise der Lebensmittel in Holland*. Zeitschr. f. Socialwis., Jan., 1913. Pp. 3.

Digest of a study in the periodical "Cultura" for May, 1912, comparing the prices of agricultural products in Holland and Germany. Writer insists the protective tariff does not measure the difference in prices between the two countries.

PACKE, C. E. *Dear food, cheap consols, and labour unrest*. Bankers Mag. (London), Feb., 1913. Pp. 8.

Discusses the factors which determine the price level of commodities in a market.

REES, J. M. *Wages and the cost of living in South Africa*. Econ. Journ., Mar., 1913. Pp. 7.

Prices of food and of dwellings in South Africa are from 50 to 100 per cent higher than in England and the standard of living is also higher. Wages of white men are about three times higher than in England.

SAUERBECK, A. *Prices of commodities in 1912*. Journ. Royal Stat. Soc., Mar., 1913.

Sauerbeck's index number in 1912 was 85 as compared with 80 in 1911. On page 402, Mr. Sauerbeck states, "I find it necessary for various reasons to relinquish the collection of prices and index numbers, which I have given regularly in the society's "Journal" since 1886, retracing the matter till 1818. Sir George Paish has, however, arranged to have the same continued in the "Statist" under his supervision, as nearly as possible on the same lines as hitherto."

SCHMOLLER, G. *Neuere Arbeiten über Geldwertveränderung und Preissteigerung*. Schmoller's Jahrb., No. 1. 1913.

Professor Schmoller here gives his opinion of the value of a number

of recent studies on price movements and the effect on prices of the increased production of gold.

THEY, E. *L'or et la hausse des prix.* Journ. Soc. Statist., Mar., 1913. Pp. 9.

Maintains that the present stock of gold is insufficient for the needs of the civilized world.

WALTEMATH, K. *Der Kampf gegen Fleischnot und Fleishteuerung.* Schmoller's Jahrb., No. 1, 1913. Pp. 24.

Reviews a number of recent studies on meat prices and concludes that in the near future there will be a decrease in prices, though not to earlier low levels. Author urges more careful study of the markets by the producers, removal of the protective tariff on maize and fodder, abolition of the restrictions of the importation of live cattle from Denmark and the use of a larger area of agricultural lands for grasses. Little is to be expected from efforts to eliminate the middleman. Much can be accomplished by breaking up the large estates into small holdings.

——— *Measuring price fluctuations in Australia.* Daily Con. & Trade Repts., Mar. 6, 1913. Pp. 5.

Digest of Australian report on *Prices, Price Indexes and Cost of Living in Australia.*

——— *Working and living conditions among Northern and Southern textile operatives.* Protectionist, May, 1912. Pp. 5.

Summary of Bureau of Labor report on *Woman and Child Wage-Earners in the United States*, contrasting earnings and cost of living in Southern and New England mills.

——— *Preise und Löhne in England.* Jahrb. f. Nat. Oek., Jan., 1913. P. 1.

Index numbers for food products and for wages in England, 1879-1911.

Money, Credit, and Banking

(Abstracts by Fred Rogers Fairchild)

ALLEN, W. H. *Seasonable variations in money rates.* Moody's Mag., Feb., 1913.

ANDREADES, A. *Un essai sur la banque d'angleterre.* Journ. des Econ., Oct. 15, 1912. Pp. 3.

Review of chapter by F. H. Jackson on the Bank of England in *Lectures on British Commerce* (Pitman and Sons).

CARLILE, W. W. *Le problème du crédit.* Journ. des Econ., Mar. 15, 1913.

CHALMERS, M. *The uniform law of bills of exchange and promissory notes settled at the Hague conferences of 1910-1911.* Journ. Inst. Bankers, Mar., 1913. Pp. 13.

Interesting account of the conferences and comparison of the system adopted with the system prevailing in England. A paper, followed by discussions.

CHAMBERLAIN, E. *European land and rural credit facilities*. Moody's Mag., Oct., 1912. Pp. 9.

General description.

CHAULIAC, P. A. *La Banque de Bordeaux (1818-1848)*. Rev. Econ. Bordeaux, Jan.-Feb., 1913. Pp. 16.

An interesting historical account with a statistical appendix.

DREHER, W. C. *Bankers' congress at Berlin*. Bankers' Mag. (London), Dec., 1912. Pp. 10.

Account of the proceedings of the meeting of the German Bankers' Association in September, 1912, particularly discussion of the excessive quarterly demands upon the Reichsbank and the government loan market. The meeting was at Munich, not Berlin, as the title erroneously indicates.

DUFOURMANTELLE, M. *Les prêts sur l'honneur, leur utilité, leur objet, leur efficacité*. Réf. Soc., Mar. 16, 1913.

ECKARDT. *Canadian banking*. Ann. Am. Acad., Jan., 1913. Pp. 13.

Shows the remarkably effective way in which banking facilities have been extended in the newly settled western provinces. This result would have been impossible except for the Canadian system of branch banking and note issue.

FEE, W. T. *A people's saving bank in Germany*. Daily Con. & Trade Rept., Feb. 14, 1913.

FISHER, I. *A compensated dollar*. Quart. Journ. Econ., Feb., 1913.

FISHER, I. *An unshrinkable dollar*. Independent, Jan. 2, 1913.

FRASER, D. D. *Some modern phases of British banking, 1896-1911*. Journ. Inst. Bankers, Feb., 1913. Pp. 20.

Extensive statistics, with discussion of important developments. A paper, followed by discussion.

FREWEN, M. *The great drain of gold to India*. Nineteenth Cent., Jan., 1913.

GIBSON, A. H. *Savings bank statistics*. Bankers' Mag. (London), Nov., 1912. Pp. 13.

Discussion of the number of accounts opened and closed, with numerous examples and various deductions. Continuation of a series of articles. (Cf. AMERICAN ECONOMIC REVIEW, vol. II, pp. 482, 757, 1002.)

GÖRNANDT and ESCHWEGE. *Der Verband zum Schutze des deutschen Grundbesitzes und Realkredits*. Die Bank, Mar., 1913.

HAUSMANN, W. L. *Die kleinen Noten der Reichsbank*. Die Bank, Feb., 1913. Pp. 10.

After arguing that the circulating medium need not have intrinsic value, contends that Germany needs a greatly increased amount of money, that gold ought to be mainly held in the banks, and that the Reichsbank should have the right to an unlimited issue of small notes. Regards the French system superior to the German.

INCLIMONA, E. *Le origini del Banco Giro*. Giorn. d. Econ., Feb., 1913. Pp. 14.

By this archive study of the Banco Giro, the most important of Venetian credit banks, the author seeks to meet the need for research into Venetian banking origins voiced by Dunbar in his article in the "Quarterly Journal of Economics," in 1892.

JACKSON, F. H. *La Banque d'Angleterre*. Journ. des Econ., Feb., 1913. Pp. 23.

Translation of a lecture published originally by Pitman and Sons, London, in *Lectures on British Commerce*.

JACOBSTEIN, M. *The Aldrich banking plan: with special reference to North Dakota*. Quart. Journ. Univ. N. Dak., Jan., 1913.

KELLENBERGER, E. *Die Mittel der äusseren Valutapolitik. I, II*. Zeitschr. f. Socialwis., Feb., Mar., 1913.

LARKWORTHY, F. *Modern Greece: its banking and commerce*. Scottish Bankers' Mag., Jan., 1913. Pp. 21.

Covers the period of the past 73 years. Special reference to the monetary system and the business of the Ionian Bank.

LAWSON, T. W. *The money trust*. Everybody's, Mar., 1913.

LEVY, R.-G. *Les conventions monétaires*. Journ. des Econ., Feb., 1913.

LEVY, R.-G. *Les états banquiers*. Rev. d. D. Mondes, Mar., 1913.

LIPPSTADT, S. and HALL, G. R. *Mortgage exchange for savings banks*. Moody's Mag., Oct., 1912. Pp. 6.

Advocates the establishment by the savings banks of New York city of a mortgage exchange to examine all applications for mortgage loans, taking the place of the present system of independent appraisals by each bank.

MAY, W. T. *Some observations on currency and credit and their influence on trade and exchange*. Journ. Inst. Actuaries, Jan., 1913.

McWILLIAM, E. G. *The savings bank outlook*. Journ. Am. Bankers' Assoc., Feb., 1913.

MEYER, F. *Das Internationale Wechselrecht*. Weltwirtsch. Archiv, Jan., 1913.

NEURATH, O. *Das neue Statut der oesterreich-ungarischen Bank und die Theorie der Zahlung*. Zeitschr. f. d. ges. Staatswis., No. 1, 1913. Pp. 34.

A theoretical and historical study, with examination of the literature of the theory of exchange from Adam Smith to modern writers.

OAKES, E. S. *Bank deposit guarantee legislation*. Case and Comment, Nov., 1912.

Describing legislation in Oklahoma, Kansas, Nebraska, South Dakota, and Texas, and its apparent effects.

PATEN, E. *Les monts-de-piété*. L'Econ. Franç., Jan. 4, 1913.

POWELL, G. H. *Some modern tendencies in banking; and notes on branch management*. Journ. Inst. Bankers, Mar., 1913. Pp. 24.

A general and somewhat rambling discussion,

RAFFALOVICH, A. *La banque d'état prussienne*. Journ. des Econ., Oct. 15, 1912. Pp. 23.

An account of the history of the *Koenigliche Seehandlung* (*preussische Staatsbank*), from 1772 to the present, as the financial and industrial agency of the Prussian government, with details of its present organization, powers, business, and condition.

RAFFALOVICH, A. *Le congrès des banques et des banquiers allemands à Munich*. L'Econ. Franç., Oct. 26, 1912. Pp. 3.

Account of the meeting of the German Bankers' Association in September, 1912.

REYNOLDS, G. M. *The "money trust" inquiry*. Moody's Mag., Oct., 1912. Pp. 7.

A general defense of the banks, with little reference to the congressional inquiry.

SUBERCASEAUX, G. *Les caisses de conversion de la République Argentine et du Brésil*. Journ. des Econ., Nov. 15, 1912. Pp. 9.

Interesting history and description of the means used to maintain the stability of the paper currency of Argentina and Brazil. The chief defect is the lack of elasticity. The proposition to raise the paper currency gradually to par with gold is condemned.

DEL VECCHIO, G. *I limiti della circolazione bancaria*. Rif. Soc., Dec., 1912. Pp. 18.

A defense of the Italian banking system against proposed doubtful reforms, claiming that circulation is wholly elastic.

WARSCHAUER, O. *Zweck und Aufgaben der Bankwissenschaft*. Blätter f. vergleichende Rechtswis. u. Volkswirtschaftslehre, Mar., 1913.

WEAVER, S. R. *Canadian banking legislation*. Journ. Pol. Econ., Feb., 1913. Pp. 7.

Synopsis of the new banking bill introduced in the Dominion parliament in 1912 by the minister of finance

WILLIS, H. P. *The banking question in Congress*. Journ. Pol. Econ., Nov., 1912. Pp. 17.

Historical survey of the action of Congress on currency and banking matters since 1896.

WITHERS, H. *The foreign exchanges*. Journ. Inst. Bankers, Jan., Feb., Mar., 1913.

ZALDARI, P. G. *The national bank of Egypt*. Moody's Mag., Oct., 1912. Pp. 5.

Historical and descriptive.

————— *Banking and currency reform in America*. Bankers' Mag. (London), Nov., 1912. Pp. 3.

Discusses the present halt in the reform movement and the prospects of legislation.

————— *Banking reserves.* Bankers' Mag. (London), Nov., 1912. Pp. 8.

Discusses the way in which foreign bills of exchange are held by the banks to supplement their cash reserves, especially the German Reichsbank, the Bank of Belgium, and the Bank of the Netherlands.

————— *International statistics of savings banks.* Mo. Bull. Econ. & Soc. Intelligence, Jan., 1913.

Synopsis of the Fowler plan. Banking Law Journ., Jan., 1913.

Pp. 3.

Merely an abstract, without discussion.

————— *The trust companies in New York and elsewhere.* Comm. & Finan. Chronicle, Mar. 1, 1913.

————— *West African currency.* Bankers' Mag. (London), Nov., 1912.

Pp. 3.

Statement of the proposed special currency system consisting of silver coins and notes.

Public Finance

(Abstracts by C. C. Williamson)

AN AMSTERDAM CORRESPONDENT. *The early history of Dutch foreign investments.* Economist, Feb. 15, 1913.

AUSTIN, F. A. *Easing the taxpayer's burden—not.* Real Estate Mag., Feb., 1913. Pp. 4.

In opposition to the proposed unearned increment tax in New York city.

BENNETT, J. W. *St. Paul's comptroller: an interesting experiment.* Nat. Munic. Rev., Apr., 1913. Pp. 3.

BIGWOOD, G. *Le réforme fiscale en Belgique.* Rev. Econ. Intern., Feb. 15, 1913. Pp. 25.

BOWEN, D. *The taxation of mines in various countries.* Inst. Min. Engr., Transactions, Vol. XLIV, 1913. Pp. 55.

A very comprehensive study of the methods of taxing mines and a brief description of the actual taxes levied in different countries.

BROOKS, S. *Aspects of the income tax.* No. Am. Rev., Apr. 1913. Pp. 14.

BRUERE, H. *Is there a just measure of taxation?* City Club Bull. (Phila.), Mar. 4, 1913. Pp. 5.

BUCK. *Der objective Ertragswert als Bewertungsgrundlage der Vermögensbesteuerung Preussens in der Rechtsprechung der preussischen Oberverwaltungsgerichte.* Finanz-Archiv. XXX, 1, 1913. Pp. 5.

BURTON, T. E. *Scandal of the federal appropriation bills.* World's Wk., Feb., 1913. Pp. 6.

CHAPMAN, S. J. *The utility of income and progressive taxation.* Econ. Journ., Mar., 1913. Pp. 11.

An attempt to show that a sound theory of progressive taxation cannot be built upon any "utility-sacrifice" theory.

CLEVELAND, F. A. *How we have been getting along without a budget.* Am. Pol. Sci. Rev., Supp., Feb., 1913. Pp. 21.

DAUSSET, L. *Les services d'intérêt collectif et les régies municipales.* Réf. Soc., Feb. 16, 1913. Pp. 2.

DESSAINT, J. *La vie chère et les taxes de consommation. I, II.* Mouv. Social, Dec., 1912; Jan., 1913.

DECUGIS, H. *Les taxes fiscales et les omniums de valeurs mobilières.* Rev. Pol. et Parl., Mar., 1913. Pp. 8.

DELPECH, J. *Les taxes d'octroi et leur remplacement.* Réf. Soc., Feb., 1913. Pp. 14.

DOTY, E. W. *The experience of Cleveland and other cities in the use of exact methods in assessment of real estate.* City Club Bull. (Phila.), Mar. 4, 1913. Pp. 7.

FELLNEB, F. *Die Reform der direkten Steuern in Ungarn.* Finanz-Archiv, XXX, 1, 1913. Pp. 88.

A history of direct taxation, with a critical examination of the reforms introduced in 1909 and 1912 in such direct taxes as the land tax, house tax, and income tax.

FONTAINE, G. *Le contrôle des finances publiques.* Journ. des Econ., Mar., 1913. Pp. 18.

This article deals with one of the most difficult problems of French financial administration, namely, legislative control of public expenditures, by which is meant not the voting of budgets but the supervision and approval of their execution. The various ministries enjoy a considerable degree of independence in their authority to incur financial obligations. In the exercise of this power they often authorize expenditures in excess of the regularly voted credits, relying on the legislative body to sanction their action by passing the requisite supplementary credits. The bill of indemnity to the ministers, or legislative approval of their operations (*loi de règlement du budget*) has long been a mere formality and is not passed until several years have elapsed. The problem is to secure complete control by elected representatives over the execution of the budget without so weakening the authority of the officers who authorize expenditures (*ordonnateurs*) as to endanger the public credit.

GIBSON, A. H. *The price of consols.* Bankers Mag. (London), Jan., 1913. Pp. 10.

Holds that the price of consols is not likely to suffer further decline—that "a bed rock average has now been reached." The basis for this opinion is found in statistics of average prices for the period 1835-1874 and the probable trend in the cost of living in the immediate future.

GIRAULT, A. *La refecton du cadastre.* Rev. Pol. et Parl., Mar., 1913. Pp. 22.

GOODNOW, F. J. *The limit of budgetary control.* Am. Pol. Sci. Rev., Supp., Feb., 1913. Pp. 9.

GRIZIOTTI, B. *Interferenze e gettito delle imposte sugli incrementi di valore.* Giorn. d. Econ., Nov.-Dec., 1912. Pp. 37.

GRIZIOTTI, B. *La scienza pura delle finanze.* Giorn. d. Econ., Jan., 1913. Pp. 21.

HIRSCH, P. *Zur Frage der Reformbedürftigkeit des preussischen Kommunalabgabengesetzes.* Kommunale Praxis, Feb. 1, 1913. Pp. 2.

KATZENSTEIN, L. *Der preussische Staatsschatz und der Reichskriegsschatz.* Schmoller's Jahrb., No. 4, 1912. Pp. 83.

Touces upon the early history of the German war-chest, the conditions that gave rise to it, the part it played in the 19th century, especially in the Franco-Prussian war. Under modern conditions, with vastly increased cost of mobilization and highly developed credit and banking facilities the war-chest has lost its *raison d'être* and should be abolished.

LAWSON, W. R. *The national accounts.* Bankers Mag. (London), Feb., 1913. Pp. 15.

The British exchequer is no longer the efficient institution it used to be. Lloyd-George's "irresponsible changes and innovations," made possible by the concentration of functions in the hands of one man and the weakening and curtailing of parliamentary supervision have produced only financial chaos and increasing "mystification of public accounts."

LEFAS, A. *La crise du fonctionnarisme. I.* Réf. Soc., Feb. 16, 1913. Pp. 14.

LENZ, R. *Stadtschuldbücher.* Finanz-Archiv, XXX, 1, 1913. Pp. 8.

Sets forth the advantages of registered as against coupon bonds.

LEROY-BEAULIEU, P. *Le cinquième milliard franchi: le caractère décevant des plus-values; le délabrement financier.* L'Econ. Franç., Feb. 8, 1913. Pp. 3.

A budget which threatens to exceed 5,000,000,000 francs in 1913 is a terrifying spectacle. Its rapid growth will have to be stopped voluntarily or by dire necessity. The normal increase of taxation, with an almost stationary population, does not warrant present increases in the budget. An apparent increase in revenues in 1912 was largely due to crop failures which necessitated large importations and increased the tariff revenues.

LEROY-BEAULIEU, P. *Méthodes financières: Allemagne et France.* Econ. Franç., Mar. 8, 1913. Pp. 3.

A comparison of the resources and revenue methods available in France and Germany for meeting the expense of the military rivalry growing out of the Balkan war.

LEROY-BEAULIEU, P. *Les placements financiers: la baisse quasi continue des valeurs à revenu fixe au cours de l'année 1912.* L'Econ. Franç., Jan. 11, 1913. Pp. 3.

LEROY-BEAULIEU, P. *Les placements financiers: les valeurs à revenu variable.* L'Econ. Franç., Jan. 18, 1913. Pp. 3.

The cause of a continued fall in the value of government securities

during 1912 is found in: (1) the augmented issue of the United States, Canada, Argentine, and other newer countries; (2) mismanagement of the public business in England, Germany, and France since the beginning of the century; (3) growth of state socialism.

LEROY-BEAULIEU, P. *Le projet de réforme du régime douanier colonial*. L'Econ. Franç., Feb. 1, 1913. Pp. 3.

The government's project for reforming the colonial tariff systems is commended, with the exception that coffee, cocoa, tea, vanilla, and pepper should not be admitted into France free of duty while a heavy excise is levied upon wine, cider, beer, sugar, etc. To do so constitutes rank discrimination against these home products.

LEROY-BEAULIEU, P. *Les successions déclarées en France en l'année 1911*. L'Econ. Franç., Feb. 15, 1913. Pp. 3.

The number and value of inheritances recorded has varied but slightly in the last twenty years. Three causes are assigned for this remarkable fact: (1) decreasing rate of mortality; (2) fall in the rate of interest at which securities are capitalized; (3) an increasing evasion of inheritance taxes.

LEVY, R.-G. *Les finances des états balkaniques et les bourses*. Rev. des D. Mondes, Dec. 1, 1912.

VON LEYDEN, V. *Agrarverfassung und Grundsteuer in British-Oestindien*. Schmoller's Jahrb., II, 3-4, 1912. Pp. 48.

The land tax has played an important rôle in British India because (1) it was an ancient institution with which the native peoples were familiar, and (2) because five sixths of the people were cultivators of the soil. This article traces the development of the British dominion in India, and the history of the land tax; and describes the land system and the administrative organization.

LORIA, A. *Sulla nozione del reddito imponibile*. Rif. Soc., Jan., 1913. Pp. 10.

Dissents in part from opinions expressed by Einaudi in a recent study of the theory of taxation.

LOWRIE, S. G. *Suggestions for state budget*. Am. Pol. Sci. Rev., Supp., Feb., 1913. Pp. 6.

MALJEAN. *Congrès international de la réglementation douanière. Question IV, Des litiges en douane*. Rev. Intern. du Com., Dec. 31, 1912. Pp. 60.

METZAT, P. *Rapport du trésorier sur les comptes de l'année 1912. La situation financière et le budget pour l'exercice 1913*. Journ. Soc. Statist., Mar., 1913. Pp. 4.

MILLER, E. T. *Repudiation of state debt in Texas since 1861*. Southwestern Hist. Quart., Oct., 1912. Pp. 15.

Relates to repudiation of debt incurred in aid of the Civil War.

MORGAN, D. P. *South African development and finance*. Bankers Mag. (London), Feb., 1913. Pp. 4.

MOURRE, C. *La baisse des fonds d'état. L'épargne et le taux de l'intérêt*. Journ. des Econ., Mar., 1913. Pp. 12.

The price of government securities has shown a tendency to fall since 1897. State socialism, maladministration of public affairs and increase of prices are put forward as causes, but this writer holds that the sole possible cause is the increasing general rate of interest, while saving is practically the only cause of a change in the rate of interest.

MROZEK. *Allerlei zur Steuerreform im Reiche und in Preussen.* Preussische Jahrb., Sept., 1912. Pp. 24.

OUTERBRIDGE, E. H. *The dual subway plan.* Greater N. Y., Feb. 10, 1913. Pp. 3.

Points out the financial significance of the alternative proposed—construction by means of the city's credit without the aid of private enterprise.

OUTHWAITE, R. L. *Taxation and rating of land values as affecting agricultural and accommodation land.* Land Values, Mar., 1913. Pp. 7.

PERIN, R. *Die englischen Bodenwertsteuern.* Finanz-Archiv, XXX, 2, 1913. Pp. 8.

A brief explanation of the English finance act of 1909-1910, followed by a German translation of the act.

PRENDERGAST, W. A. *New York city finances.* Nat. Munic. Rev., Apr., 1913. Pp. 9.

PROELSS. *Die Schifffahrtsabgaben.* Ann. d. Deut. Reichs, Feb., 1913. Pp. 15.

PURDY, I. *The proper organization of the assessing department together with an account of methods applicable to the assessment of real estate in cities.* City Club Bull. (Phila.), Mar. 4, 1913. Pp. 9.

RIEM, G. *Die Gemeindesteuer-Reform in Sachsen.* Kommunale Praxis, Feb. 8, 1913. Pp. 4.

A discussion of the conflicting interests which appeared in the Saxon legislature during the discussion of the municipal tax law passed at the last session, to go into effect in 1915. One of the most important reforms accomplished was the abolition of the *Umsatzsteuer*, or the tax on sales, which cities in Saxony have been allowed to levy.

SALEFRANQUE, L. *Etat général et comparatif du régime fiscal en France.* Journ. Soc. Statist., Dec., 1912. Pp. 11.

SCHWARZ, O. *Der Entwurf des Reichshaushaltsetats für 1913.* Verwaltung u. Statistik, Jan.-Feb., 1913. Pp. 8.

SEIDEL. *Steuerverhältnisse und Anleihewesen der bayerischen Gemeinden.* Verwaltung u. Statistik, Feb., 1913. Pp. 2.

SELBACH, H. *Die Reform direkten Steuern in Elsass-Lothringen.* Ann. d. Deut. Reichs, Feb., 1913. Pp. 23.

SELIGMAN, E. R. A. *Recent tax reforms abroad. III.* Pol. Sci. Quart., Mar., 1913. Pp. 24.

Continues the discussion of Australian development, takes up the exemption of improvements, the Australian income tax and the relation of

state to federal finance. The general conclusion reached is that the United States has not much to learn from England, Germany, or Australasia in the matter of indirect taxation or land taxes. As to inheritance taxation, we are rapidly approaching the practice found abroad, but income taxation in the United States is only in the first stages of a development that is to come in the near future.

SEVIN, L. *Ein Vorschlag zur Reichsbesitzsteuer*. Schmoller's Jahrb., No. 4, 1912. Pp. 21.

Advocates an imperial tax on possessions (*Besitzsteuer*) to provide needed revenue and complete the tax reforms of 1909 which provided mainly for indirect taxation.

SOMERS, W. A. *The valuation of real estate for taxation*. Nat. Munic. Rev., Apr., 1913. Pp. 9.

STAMP, J. C. *The tax experiment in Wisconsin*. Econ. Journ., Mar., 1913. Pp. 3.

SPALDING, W. F. *The Indian financial management*. Journ. Inst. Bankers, Jan., 1913.

TIVARONI, J. *Il regime degli spiriti nella nostra legislazione tributaria*. Rif. Soc., Feb.-Mar., 1913. Pp. 21.

The Italian excise situation apropos of a bill before the parliament.

WALDECKER, L. *Oberfinanzrat Meisel und die preussische Einkommensteuerstatistik*. Finanz-Archiv, XXX, 1, 1913. Pp. 43.

A reply to an article entitled "Moral und Technik bei der Veranlagung der preussischen Einkommensteuer" published in "Schmoller's Jahrbuch," XXXV.

WEISSENBORN, H. *Der Ausbau der Erbschaftsteuer als Besitzsteuer für das Reich*. Ann. f. Soz. Pol. u. Gesetzg., II, 3-4, 1913. Pp. 42.

Of all possible forms of the property or possessions tax the inheritance tax is best adopted to use by the imperial government. Discusses various theories of the inheritance tax, which the author regards as a property tax and in accord with the ability theory. Taxation should be used primarily for revenue, but its secondary socio-political results should be heeded.

WILLOUGHBY, W. F. *Allotment of funds by executive officials, an essential feature of any correct budgetary system*. Am. Pol. Sci. Rev., Supp., Feb., 1913. Pp. 7.

YOUNGMAN, A. *Frankfort-on-the-Main: a study in Prussian communal finance*. Quart. Journ. Econ., Feb., 1913. Pp. 44.

Part II of this valuable study is concerned with municipal ownership and the municipal debt.

ZAHN. *Die Belastung durch die deutsche Arbeitsversicherung*. Bull. d. Assurances Soc., Jan., 1913. Pp. 39.

An elaborate statistical study of the cost of workmen's insurance to the employer and employee and also to the local and state budgets.

Concludes that all such expenditure is highly and directly productive in the increased health and efficiency of the working classes.

ZIMMERMAN, F. W. R. *Die Sonderlegung des Sparkassenwesens im Herzogtum Braunschweig*. Finanz-Archiv, XXX, 1, 1913. Pp. 40.

————— *Budget for 1913*. Japan Finan. & Econ. Mo., Feb., 1913. Pp. 9.

————— *Defaulting states in 1912*. Economist, Mar. 1, 1913. Pp. 2.

————— *Internal revenue*. Am. Bldg. Assoc. News, Feb., 1913. Pp. 5.

Treasury decision 1830, construing the exemption clause of the federal corporation tax relating to building and loan associations.

————— *What an unearned increment tax would do to New York*. Real Estate Mag., Mar., 1913. Pp. 3.

Report of a committee appointed by the allied real estate interests of New York.

————— *Dette publique ottomane*. Mouv. Econ., Jan. 1, 1913. Pp. 6.

————— *Jurisprudence de la Cour des Comptes*. Rev. Sci. Légis Finan., Oct.-Dec., 1912. Pp. 13.

An article consisting of excerpts from the report of the Court of Accounts on the fiscal year 1910, submitted July 15, 1912. The report illustrates some of the defects of the French financial system pointed out in the article by G. Fontaine, noted above.

————— *Die Reform der Hauszinssteuer*. Mitteilungen der Zentralstelle für Wohnungsreform in Oesterreich, Mar., 1913. Pp. 3.

Tariffs and Reciprocity

(Abstracts by Henry R. Mussey)

AUTONOMOS. *The Nemesis of tariff reform*. Fortn. Rev., Feb., 1913. Pp. 12.

"Protection with preference is impracticable. Protection without preference is sordid and unfair." The Unionists had better drop protection altogether.

AVEBURY. *A study of preference*. Nineteenth Cent., Feb., 1913. Pp. 14.

A striking argument by a free-trade Unionist, showing the impossibility of giving any important advantage to the colonies by preference, pointing out serious disadvantages to Great Britain involved in it, and urging Unionist leaders to throw overboard the whole tariff-reform program.

BERRY, R. M. *Freer trade in the United States*. English Rev., Dec., 1912. Pp. 10.

A statement of various indications that revision downward is bound to occur, and of various reasons why it is desired.

BROOKS, S. *The anti-imperialism of the imperialists*. Fortn. Rev., Feb., 1913. Pp. 15.

Protection and preference are not the right cement of empire. Restrictions such as the Unionists advocate are adopted only to prevent the growth of the real imperial unity that is developing between Great Britain and the self-governing colonies.

CHAMBERLAIN, A. *The unionist party and preference*. Nat. Rev., Feb., 1913. Pp. 11.

Apparently a swan-song of the proposal for British food taxes. Mr. Chamberlain regrets their abandonment, but will yield to the judgment of his fellow Unionists, and will continue to fight for such preference as is possible.

CHIOZZA MONEY, L. G. *Tariff reform: ten years after*. Contemp. Rev., Mar., 1913. Pp. 13.

A brief review of the fiscal controversy showing how events have falsified Mr. Chamberlain's prognostications, and sharply criticising the position of Bonar Law.

EMERY, H. C. *The democrats and the tariff*. Yale Rev., Jan., 1913.

Sketches the difficulties of the tariff task of the Democrats. Chairman Underwood's competitive tariff necessarily involves getting at the costs of production.

FAILOT, E. *Les conséquences du protectionnisme dans les colonies françaises*. Journ. des Econ., Mar., 1913. Pp. 3.

A slight article maintaining that a liberal policy has been more advantageous to France and her colonies in their mutual relations than has protection.

FISKE, A. K. *Rational tariff revision*. No. Am. Rev., Feb., 1913. Pp. 13.

Protection was successful in building up a diversified industry. It should now be withdrawn wherever it is unnecessary, but should be retained wherever and however long it may be requisite to the continuance of existing industries.

GOOD, T. *The riddle of imports and exports*. Westminster Rev., Feb., 1913. Pp. 6.

A criticism of free trade on the ground that it lessens the employment of labor in Great Britain.

HOLLAENDER, W. J. *Der deutsche Zolltarif von 1902*. Schmoller's Jahrb., No. 1, 1913. Pp. 50.

The first part of a study of the conditions that gave rise to the German tariff of 1902. Discusses in detail the legislative history of the Caprivi treaties.

VON MATLEKOVICS, A. *Die Zollgemeinschaft Ungarns mit Oesterreich*. Ungar. Rundschau, Jan., 1913. Pp. 18.

Historical review and appreciation of the subject by a distinguished Hungarian authority. The author believes that tariff unity will be maintained after 1917, but that in other matters of common economic interest (especially indirect taxation) Hungary will follow a more independent course.

MOND, A. *The pilgrimage of Mr. Bonar Law*. Eng. Rev., Mar., 1913. Pp. 14.

A sharp criticism of the logical inconsistencies of Mr. Bonar Law, and an exhortation to the Unionists to drop tariff reform.

PAGE, T. W. *Our wool duties*. No. Am. Rev., Apr., 1913. Pp. 22.

A careful study of the whole question of the wool duties, weighing the probable consequences of their entire repeal and stating a conclusion favorable on the whole to their abolition.

POWELL, E. *British preference in Canada*. Quar. Rev., Jan., 1913. Pp. 23.

A valuable historical account of the preference from 1897 to 1911, explaining what forces led to the whittling down of the British advantage by the legislation of 1904 and 1906-1907.

PRATO, G. *Verso l'autonomia doganale?* Rif. Soc., Feb.-Mar., 1913. Pp. 64.

A review of the Italian tariff situation apropos of the approaching renewal or revision of commercial treaties; an attack on protective rates.

ROBINSON, A. G. *Sugar and the tariff*. Am. Rev. Rev., Mar., 1913. Pp. 4.

A brief statistical consideration suggesting some reduction of the sugar rates, and taking strong ground against free sugar.

SIFTON, C. *Reciprocity*. Ann. Am. Acad., Jan., 1913. Pp. 9.

A statement from the conservative point of view, of the reasons for Canada's rejection of reciprocity.

VON STRYK, G. *Die russische Landwirtschaft und der industrielle Protektionismus*. Schmoller's Jahrb., No. 1., 1913. Pp. 38.

A sharp attack of the Russian protective system, which is charged with burdening agriculture heavily by duties on iron, agricultural implements, and fertilizers. Russian production is considered unlikely to supply satisfactorily the demand for any of these products.

TURNER, W. *Our external trade*. Westminster Rev., Mar., 1913. Pp. 5.

A brief statement comparing the United Kingdom's trade of 1912 with that of 1911, 1902, and 1872, using both quantity and value, and showing the essential error in Mr. Chamberlain's basis of facts.

WELD, L. D. H. *The tariff board's wool report*. Pol. Sci. Quart., Mar., 1913. Pp. 19.

A review of the wool report, describing its contents and criticising the methods used.

WHELFLEY, J. D. *Japan's commercial crisis*. Century, Feb., 1913. Pp. 17.

A popular account of Japan's present commercial situation. Anticipates no serious inroads by Japan on the trade of western nations.

WICKETT, S. M. *Canada and the preference: Canadian trade with Great Britain and the United States*. Ann. Am. Acad., Jan., 1913. Pp. 18.

A somewhat inconclusive discussion of the effects of the Canadian preference on British and American trade. Recognizes the importance of geographical and transportation conditions, but holds that the preference has been of considerable advantage to Great Britain.

Insurance and Pensions

(Abstracts by William F. Gephart)

ABEL, A. *Die deutschen Sterblichkeitsuntersuchungen der Zentralstelle mit besonderer Berücksichtigung der Spezialuntersuchungen*. Zeitschr. f. d. ges. Versicherungswis., Jan., 1913.

Results of researches for the past few years.

BEECHER, B. S. *State insurance in Wisconsin*. Rev. Rev., Jan., 1913.

An explanation of the law, the reasons for it, and a comparison with European plans of state insurance. Ordinary limited payment endowment and term policies are to be sold.

BELLOM, M. *Les derniers résultats de l'assurance contre les accidents en Autriche*. L'Econ. Franç., Mar. 8, 1913.

Describes the working of the act, giving tables to show the indemnity paid and the assessments paid in different cities. The results show that the bases operated upon were incorrect as to charges as a whole and as to the different industries. The writer suggests corrections based on the experience.

BELLOM, M. *L'état actuel de l'assurance ouvrière en Hongrie*. L'Econ. Franç., Jan., 1913.

A discussion of the workmen's insurance in Hungary, with particular reference to the method of its application to agricultural laborers.

BELLOM, M. *Les habitations ouvrières et l'assurance*. L'Econ. Franç., Jan., 1913.

Discusses the method of using insurance by workmen as a means of securing a home, with a description of the French law bearing on the subject. As in most countries insurance has not been greatly used for this purpose.

BELLOM, M. *La loi anglaise d'assurance sociale 1911*. V. Journ. des Econ., Mar., 1913.

A continuation of a comprehensive discussion of mutual societies in France, the regulation and operation.

BON, F. *Die Brand-Chômageversicherung*. Zeitschr. f. d. ges. Versicherungswis., Mar., 1913.

Gives an historical survey of the *chômage* insurance of industries in Switzerland. This form of insurance was introduced by French companies, as the name indicates, and is an indemnity against loss through business interruption caused to the factory by a fire. This article will be continued in the following issue.

BRADBROOK, E. *National contributory insurance*. Fortn. Rev., Feb., 1913.

Discusses the invalidity provision of the national insurance law with special reference to its effects on the friendly societies, the writer holding that no state scheme should do injury to them.

BRAMSTEDT, P. *Arbeitslosenversicherung und Etatspolitik*. Soziale Praxis, Jan., 1913.

BREMEN, P. *Die Seeversicherung im Weltverkehr*. Weltwirtsch. Archiv, Jan., 1913.

An excellent discussion of the method of applying marine insurance and its relation to credit and international marketing.

CURSCHEMANN, F. *Die Versicherung gegen Berufserkrankungen in Deutschland und im Auslande*. Zeitschr. f. d. ges. Versicherungswis., Mar., 1913.

Relates to insurance against those diseases which result gradually from various occupations—a very difficult matter to handle. This difficulty, the writer thinks, will be removed only when medical science has so far advanced as to be able to trace each disease with some degree of certainty to its direct cause.

DORN, H. *Der versicherungswissenschaftliche Unterricht. Zeitschr. f. ges. Versicherungswis.*, Jan., 1913.

An historical survey of the attempts made by different institutions of higher learning in Germany during the latter half of the last century to introduce the science of insurance in their curricula; states the present position this science holds in the educational field in Germany, and throws out a few hints in the way of a prophecy for the future.

EVANS, L. W. *The national insurance act in operation. Nat. Rev.*, Mar., 1913.

FISK, F. I. *The life insurance company as a dynamic in the movement for physical welfare. Pop. Sci. Mo.*, Apr., 1913.

Discusses the actual mortality rate and the possibility of insurance companies using a lower rate; also methods of conserving life.

GRAZIANI, A. *Sull' assicurazione di Stato contro gli incendi nel ducato di Modena. Rif. Soc.*, Feb.-Mar., 1913. Pp. 8.

This interpretation of the Modenese attempt at state fire insurance is based upon unfinished researches by the late Professor Conigliani.

HARD, W. *The moral necessity of "state funds to mothers."* *Survey*, Mar. 1, 1913.

Argues for a state pension for mothers on grounds of a duty of the state. Private or public charity does not solve the problem.

HERZFELDER, E. *Neue Formen der Kreditversicherung. Zeitschr. f. d. ges. Versicherungswis.*, Jan., 1913.

Makes a defense of this kind of insurance, shows the universal need for it in all branches of commerce, and explains the new forms of this field of insurance.

HOFFMAN, F. L. *Research work in life insurance medicine. Medical Record*, Sept. 7, 1912.

An excellent discussion of the investigations made in mortality statistics and the factors contributing to mortality. Of interest to students of statistics.

HOTCHKISS, W. H. *The case against state insurance. Outlook*, Mar. 11, 1913.

The writer holds that such a policy is not desirable on account of politics, nor is there need for it under the present system of strict regulation.

JOSEF, E. *Vorsätzliche Herbeiführung des Versicherungsfalls. Zeitschr. f. d. ges. Versicherungswis.*, Mar., 1913.

Defines the German laws relative to the intentional causation of an accident. It is interesting to notice in this connection the law

which demands the payment of the premium to a man who has exposed himself to danger in order to save the life of a fellow-man.

KENNEDY, J. M. *National insurance and labour unrest*. Fortn. Rev., Mar., 1913.

States that the law was enacted with the avowed purpose of alleviating distress caused by sickness and unemployment, but it is the unemployment feature which will exert greatest influence. Holds that the effect of the law will be to weaken trade unions and make them dependent upon the government.

KOBURGER, J. *Revision und Kontrolle im Versicherungswesen*. Zeitschr. f. d. ges. Versicherungswis., Jan., 1913.

The writer makes a contribution to what he calls the technique of the science of insurance. He recommends the establishment by each company of a bureau which should have charge of the revision and control of all accounts.

LEROY-BEAULIEU, P. *Les placements financiers; les valeurs à revenu variable*. L'Econ. Franç., Jan. 25, 1913.

NABHOLZ, P. *Die Volksversicherung als organische Ergänzung der Sozialversicherung*. Zeitschr. f. d. ges. Versicherungswis., Mar., 1913.

Tries to prove that the national insurance (which has been for half a century a subject of serious theoretical study for political application) as well as mutual aid societies and national governments, can only exist as a supplement to the social insurance.

NEHSE. *Das englische Arbeiterversicherungsgesetz. National insurance act, 1911*. Archiv f. Eisenbahnw., Jan.-Feb., 1913.

General description of the provisions of the law.

PHELPS, E. B. *Incendiarism—A study of its probable relation to the annual fire loss*. Am. Underwriter, Dec., 1912.

An excellent discussion. In 1901, tables would seem to show, 12.19 per cent of all the fires and 8.59 per cent of all the reported fire losses were due to incendiarism, but the writer estimates each as one fifth.

ROCCA, G. *Die internationale Bedeutung des italienischen Lebensversicherungsmonopolgesetzes*. Weltwirtsch. Archiv, Jan., 1913.

A discussion of the Italian monopoly of life insurance and its significance and probable influence on the practice of other nations.

RUBINOW, I. M. *Reply to Mr. Fox*. Survey, Feb. 8, 1913.

The writer again asserts that the pension plan for the brewing industry is an effort to curtail the cost of accident compensation and solve the problem of superannuation without cost to the industry which is "both impossible and vicious."

SCHOENWIESE, R. *Der Ausbau der Reichs-Invaliden- und Hinterbliebenenversicherung*. Zeitschr. f. d. ges. Versicherungswis., Mar., 1913.

An account of the development of the invalidism and survivor's insurance in Germany.

SHERMAN, P. T. *Can the German workmen's insurance law be adapted to American conditions?* Univ. of Pa. Law Rev., Dec., 1912.

This is too meaty and important a paper to be briefly summarized, the objections to the German system being presented minutely and concretely under numerous headings, and many objections to the English system being discussed with even impartiality.

DEL VECCHIO, G. *Le assicurazioni di Stato nei Ducati di Modena e di Parma.* Nuova Antologia, Aug., 1912. Pp. 15.

Recent demands for state insurance in Italy are occasion for recalling the history of two institutions which perished before the unification of Italy and the new administrative order which it introduced. These are compulsory state fire insurance and voluntary state insurance against hail.

Mortality of government life annuitants. Journ. Inst. Actuaries, Jan., 1913.

A study of the mortality of government annuitants in England for the period 1875-1908. The number of lives under observation was 5,504, and the number of years of risk was 57,652. Valuable tables accompany the report, comparing sex and age mortality, and also the results, with the previous investigation covering the period 1808 to 1875. The tables show that the cost of annuities should be increased at all ages for both sexes.

Mutual life insurance companies. Independent, Dec., 1912.

Only 43 of the 238 life insurance companies are mutual, a fact interpreted as pointing to the desire of the capitalist to use insurance as a source of profit. That the number of insurance companies has increased 180 per cent since 1901 is also interpreted as evidence of this belief.

Old age pensions—investigation of select committee of the House of Commons. Lab. Gaz. (Canada), Mar., 1913.

Shows among other things that at the end of the fiscal year, March, 1911, there were in the United Kingdom 907,461 such pensioners, or about one old-age pension to every 50 of population. The investigation includes a study of old-age pension plans in many other countries.

The rôle of mutual aid societies in old age and disablement insurance. Mo. Bull. Econ. & Soc. Intelligence, Jan., 1913.

Tables showing conditions of these societies and a discussion of the part which they will have in applying the social insurance law. The tables of operation of mutual societies are very suggestive.

Switzerland. Recent state intervention in matters of insurance. Mo. Bull. Econ. & Soc. Intelligence, Jan., 1913.

A discussion of Switzerland's method of regulating insurance organization, with particular reference to the recently established National Accident Insurance Institute, and the advisability of establishing a federal social insurance office.

Unemployment insurance. Board of Trade Lab. Gaz. (London), Feb., 1913.

Population and Migration

(Abstracts by William B. Bailey)

CLEMENT, H. *Les naissances masculines en France.* Réf. Soc., Mar. 16, 1913. Pp. 6.

Principally a criticism of the theory advanced by Worms that there is a direct relationship between the sex of a child and the nourishment of the parents, the better nourished being more likely to give birth to daughters. This theory is tested by the statistics in France but does not seem to accord with the facts.

DUDFIELD, R. *Still-births in relation to infantile mortality.* Journ. Royal Stat. Soc., Dec., 1912. Pp. 26.

The paper deals with three subjects: (1) the definition of still-birth; (2) the registration of still-births; (3) the calculation of infantile mortality. A valuable paper which should be read by all students of vital statistics.

FERENCZI, I. *Le chômage et les migrations ouvrières internationales.* Bull. de l'Assoc. Intern. pour la Lutte contre le Chômage, Oct.-Dec., 1912. Pp. 72.

A valuable study of the possibly conflicting interest of the countries of emigration with those of immigration. The closing section of the article contains a number of suggestions for mutual exchange of information and the protection of laborers while in foreign countries.

G. M. *Emigrazione e sanità pubblica.* Giorn. d. Econ., Jan., 1913. Pp. 8.

Diseases among Italian emigrants in relation to the circumstances of travel.

GONNER, E. C. K. *The population of England in the eighteenth century.* (With discussion.) Journ. Royal Stat. Soc., Feb., 1913. Pp. 44.

In the first part of the article the estimates of King, Houghton, and Price are discussed and the conclusion reached that little reliability can be placed upon statistics based upon house and chimney taxes. Dr. Gonner estimates the population in 1700 at about 5,800,000, in 1750 at 6,320,000, and in 1800 at 8,890,000.

HENDRICK, B. K. *The Jewish invasion of America.* McClure's, Mar., 1913.

JAECKEL, R. *Das Heiratsalter im Deutschen Reich 1901-1910. I, II, III,* Zeitschr. f. Socialwis., Jan., Feb., Mar., 1913. Pp. 16, 17, 11.

I. A study of the social, racial, and economic forces affecting the age at marriage. During the past decade there has been very little change in the age at marriage in Germany. II. Special attention is given to the marriages of those under 21 years of age. III. Particular attention is paid to the changes during the past ten years in the proportion married in the different age groups of the population.

KINLOCH-COOKE, C. *Migration within the empire.* Nineteenth Cent., Dec., 1912.

LANDSBERG, O. *Geburtenrückgang und Sozialpolitik*. Ann. f. Soz. Pol. u. Gesetzg., II, 3-4, 1913. Pp. 22.

A study of the possible effect of such social legislation as the minimum wage, pensions for widows, and social insurance upon the birth-rate. The policy of putting an additional tax upon bachelors and decreasing the tax upon married men with children is considered.

MARFILLERO, G. *Il problema sessuale ed il neomalthusianesimo*. Riv. Ital. di Sociologia, Mar.-Apr., 1912. Pp. 11.

MELINE, J. *La désertion des campagnes*. Rev. Econ. Intern., Oct., 1912.

RANKIN, W. S. *The influence of vital statistics on longevity*. Am. Underwriter, Jan., 1913. Pp. 8.

When a city for the first time obtains accurate vital statistics this knowledge is likely to restore civic health consciousness, and forced sanitary reforms lead to the employment of responsible, successful, health officers.

RITTENHOUSE, E. E. *The increasing mortality from generative maladies*. Pop. Sci. Mo., Apr., 1913. Pp. 5.

Showing from the records of Massachusetts and New Jersey that there has been an increase in general death-rates in the upper age groups for the past thirty years and a very decided increase in the death-rate from generative diseases at all ages, but particularly in advanced years.

PAGE, T. W. *Some economic aspects of immigration before 1870. II*. Journ. Pol. Econ., Jan., 1913. Pp. 22.

Deals almost entirely with the distribution by race of the foreign-born engaged in certain specified occupations in the United States. The development of our industries is discussed and the effect upon them of the foreign immigration.

WICKETT, S. M. *Canadians in the United States*. Ann. Am. Acad., Jan., 1913. Pp. 16.

An interesting and valuable study of the Canadian population in the United States, their distribution, occupation and intermarriage with Americans.

WOLF, J. *Die Zukunft der französischen Bevölkerungszahl*. Deutsche Rev., July, 1912.

————— *Report of special committee on infantile mortality*. Journ. Royal Stat. Soc., Dec., 1912. Pp. 59.

A report of great value. (See AMERICAN ECONOMIC REVIEW, March, 1913, p. 184.)

————— *Le chômage et les migrations internationales de travailleurs*. Bull. de l'Assoc. Intern. pour la Lutte contre la Chômage, Oct.-Dec., 1912.

Pauperism and Charities

(Abstracts by Frank D. Watson)

CARSTENS, C. C. *Public pensions to widows with children*. Survey, Jan. 4, 1913. Pp. 7.

A study of the widow's pension system in the Juvenile Court of Cook County, Illinois, does not justify the further extension of this system. The incapability of the probation officers, the inadequacy of their investigations, and certain effects noted in the families point to the superiority of other means of handling the problem.

GILLETTE, J. M. *Poor-relief and jails in North Dakota*. Quart. Journ. Univ. N. Dak., Jan., 1913.

A summary of information at present available on the pauper, criminal, and defective classes of North Dakota.

PAYEN, E. *L'assistance aux vieillards, infirmes et incurables et la loi des retraites*. L'Econ. Franç., Dec. 21, 1912.

A discussion of the increasing expenses of the administration of assistance as regulated by the law of July, 1905, and the pension law of 1910.

SEYDEL. *Wohlfahsteinrichtungen der preussisch-hessischen Eisenbahngemeinschaft im Jahre 1911*. Archiv f. Eisenbahnw., Jan.-Feb., 1913.

A statistical study of the expenses of the welfare work of the railroads of Prussia and Hesse for the year 1911. A comparison is made with the corresponding expenses, item by item, of the year preceding.

SIMON, H. *Das Problem der Armut*. Soziale Praxis, Dec. 26, 1913.

An appreciation of the latest work of Sidney and Beatrice Webb, *The Prevention of Destitution*.

————— *The new poor law in Holland*. Char. Organ. Rev., Feb., 1913.

Pp. 10.

The law makes poor relief primarily the business of private endeavor. All municipal poor relief, however, must conform to the tenets of judicious philanthropy.

————— *The place of public assistance in social reform*. Char. Organ. Rev., Jan., 1913. Pp. 14.

A discussion of the broad issues in the question of poor law reform. The giving of relief is a matter of first importance in itself, needing a special authority to specialize on this alone.

Housing

(Abstracts by James Ford)

FUCHS, C. J. *Preussisches oder Reichs-Wohnungsgesetz?* Ann. f. Soz. Pol. u. Gesetzg., II, 3-4, 1912. Pp. 26.

Argues for imperial law regulating inspection, creating an imperial housing fund, changing the mortgage law, and for Prussian building and tax laws.

FUCHS, A. J. *Die volkswirtschaftliche Bedeutung des Baurechts*. Zeitschr. f. Volkswirtsch., No. 1., 1913. Pp. 22.

GEMUND, W. *Wohnungshygiene und Hochsommerklima nebst kritischen Bemerkungen zur Entstehung wohnungshygienscher Theorien*. Zeitschr. f. Socialwis., No. 9, 1912. Pp. 11.

City homes retain heat in summer more than country homes. Lack

of thorough ventilation and of vegetation where houses are built compactly in rows. Relation to infant mortality. Criticism of Kathe's theory.

GREEN, J. L. *Housing the agricultural labourer*. Fortn. Rev., July., 1912.

GUIZERIX, E. *La problème de l'habitation ouvrière*. Mouv. Social, Feb. 25, 1913. Pp. 10.

Summarizes crowding, rising rents, and tuberculosis for several French cities.

HACHIN, J. *La question des habitations à bon marché au lendemain des lois de 1912*. Mouv. Social, Jan., 1913. Pp. 6.

HENDERSON, A. M. *Density and disease: the effect of housing on health*. Co-Partnership, Jan., 1913. P. 1.

Correlation of death-rate with number of houses of one and two rooms. Edinburgh.

NORTON, G. P. *Chicago housing conditions, VII: two Italian districts*. Am. Journ. Sociol., Jan., 1913. Pp. 33.

SEIBT, G. *Die bevorstehende Wohnungsgesetzgebung in Preussen und im Reiche*. Schmoller's Jahrb., No. 1, 1913. Pp. 34.

Considers statutes dealing with lot subdivision, zoning, house construction and inspection, etc.

TAYLOR, G. R. *Satellite cities, IV. Granite City, V. Gary*. Survey, Feb. 1, Mar. 1, 1913.

THOYER, G. *Le crédit immobilier de l'arrondissement de Lille pour l'application de la loi Ribot (1908) sur les habitations à bon marché*. Réf. Soc., Jan., 1913. Pp. 6.

————— *Der Entwurf eines preussischen Wohnungsgesetzes*. Soziale Praxis, Jan. 30, 1913. Pp. 3.

————— *A symposium on housing reform*. Am. City, Jan., 1913. Pp. 17.

Abstracts of papers read at Second National Housing Conference, Philadelphia, 1912.

TENTH LIST OF DOCTORAL DISSERTATIONS IN POLITICAL ECONOMY IN PROGRESS IN AMERICAN UNIVERSITIES AND COLLEGES

Students whose period of continuous non-residence exceeds three years are omitted from the list. The last date given is the probable date of completion.

The first list of this kind was dated January 1, 1904, and was sent to all members, but not regularly bound in the publications. The subsequent lists have appeared in the publications as follows: Second list, 1905, in third series, vol. vi, p. 737; third list, 1906, in third series, vol. vii, no. 3, supplement, p. 43; fourth list, 1907, in third series, vol. viii, no. 2, supplement, p. 42; fifth list, 1908, in the *Bulletin* for April, 1908, p. 69; sixth list, 1909, in the *Bulletin* for April, 1909, p. 16; seventh list, 1910, in the *Bulletin* for March, 1910, p. 12; eighth list, 1911, in the *Review* for March, 1911, p. 212; ninth list, 1912, in the *Review* for June, 1912, p. 519.

Theory and Its History

- LEON ARDZROONI, A.B., Leland Stanford Junior University, 1909; A.M., 1910. History of wage theories of American economists. 1913. *University of Chicago*.
- ALFRED BURPEE BALCOM, S.B., Arcadia University, 1907; A.M., Harvard University, 1909. Senior and the English poor laws. *Harvard University*.
- LUCIUS MOODY BRISTOL, A.B., University of North Carolina, 1895; S.T.B., Boston University, 1899; A.M., Harvard University, 1910. The development of the doctrine of adaptation as a theory of social progress. *Harvard University*.
- DONALD FREDERICK GRASS, A.B., Harvard University, 1898; A.M., 1899; Antonio Serra and his relation to economic theory. *Leland Stanford Jr. University*.
- VICTOR E. HELLEBERG, A.B., Yale University, 1883; I.I.B., University of Cincinnati, 1885. The sociological factors in the argument of Malthus. 1913. *University of Chicago*.
- WILLIAM H. KIEKHOEFER, A.B., Northwestern College, 1904; Class conflict: factors of aggravation and of mitigation. 1913. *University of Wisconsin*.
- JOHN EDWARD OSTER, Litt.B., Ohio Northern University, 1909; LL.B., 1909. The political and economic doctrines of John Marshall. 1913. *Columbia University*.
- HERMAN PETERS, A.B., Leland Stanford Jr. University, 1907; S.T.B., Harvard, 1910. Karl Knies and his theory of credit. *Leland Stanford Jr. University*.
- RALEIGH SCHUYLER RIFE, A.B., Doane College, 1909. Cotton production in relation to prices. 1914. *Princeton University*.
- JOHN ROSCOE TURNER, B.S., Ohio Northern University, 1900; M.S., 1903. The attitude of American economists toward the Ricardian theory of rent. 1913. *Princeton University*.
- NORMAN J. WARE, A.B., McMaster University, 1908. "L'Ordre naturel" of

Le Mercier de la Rivière: A study in functional treatment of the rise of social theory. 1913. *University of Chicago*.

ARTHUR H. WOODWORTH, A.B., Lafayette College, 1904; A.M., University of Chicago, 1906. The sociological valuation of the idea of equality in American political theory. 1913. *University of Chicago*.

Economic History and Geography

HELEN BOYCE, Ed.B., University of Chicago, 1905. The chronicle of the Rommelsberg mines (1527-1583). A study of the Hartz mines in the 16th century. 1914. *University of Chicago*.

WARREN SCOTT BOYCE, A.B., Wake Forest, 1903; A.M., University of Chicago, 1907. Some economic history of eastern North Carolina. 1914. *Columbia University*.

ELIZABETH BALDWIN DEMAREST, A.B., Mount Holyoke College, 1905; A.M., 1907. The "Ad firman" system in Domesday Book. *Radcliffe College*.

FREDERICK CHARLES DIETZ, A.B., University of Pennsylvania, 1909; A.M., Harvard University, 1912. The German peasants' revolt of 1525. *Harvard University*.

CHARLES J. FAUST, A.B., University of North Dakota, 1908; A.M., 1912. Relations with the Indians in colonial times, social and economic. 1914. *University of Chicago*.

L. C. GRAY, M.A., William Jewell College, 1903; Ph.D., University of Wisconsin, 1911. The origin and development of the plantation system in the colonial period. 1913. *University of Wisconsin*.

CLEO CARSON HEARON, Ph.B., University of Chicago, 1903; Ph.M., 1909. Secession of Mississippi, 1849-1861; economic, social and political forces. 1913. *University of Chicago*.

ALMON W. LAUBER, Ph.M., Syracuse, 1905. Indian slavery in the American colonies. 1913. *Columbia University*.

MABELLE LOUISE MOSES, A.B., Leland Stanford Jr. University, 1899; A.M., Radcliffe, 1908. The economic policy of Charles I and the Commonwealth. *Radcliffe College*.

CALER P. PATTERSON, A.B., Vanderbilt University, 1911; A.M., 1911. The history of slavery in Tennessee. 1914. *University of Chicago*.

P. S. SHILOTRI, A.B., Cornell, 1908; A.M., Columbia, 1911. Economic life of the Indo-Aryans. 1913. *Columbia University*.

WARREN B. SMITH, Ph.B., University of Chicago, 1902. White servitude in South Carolina and Georgia. 1913. *University of Chicago*.

RAY BERT WESTERFIELD, B.A., Ohio Northern University, 1907; M.A., Ohio Northern University, 1910. Commercial organization in England, 1660-1760. 1913. *Yale University*.

Agriculture, Mining, Forestry, and Fisheries

EDWARD D. BAKER, A.B., University of Chicago, 1903; Influence affecting the price of agricultural products in the United States. 1913. *University of Chicago*.

PERCY WELLS BIDWELL, B.A., Yale University, 1910. Economic significance of improvements in agriculture in the United States, 1790-1860. 1914. *Yale University*.

- D. N. DAVIDSON, A.B., Richmond College, 1909. Farmers' organizations in the United States. 1913. *Johns Hopkins University*.
- WILLIAM M. DUFFUS, A.B., Leland Stanford Jr. University, 1910. State activity in promoting farm ownership and farm settlement. 1914. *University of Wisconsin*.
- RALPH ALMON FELTON, Ph.B., Southwestern College, 1908; A.M., Columbia, 1912. Farm coöperation. 1913. *Columbia University*.
- JOHN ISE, A.B., University of Kansas, 1910; LL.B., 1911; A.M., Harvard University, 1912. The public land policy of the United States since 1880. *Harvard University*.
- ELIOT JONES, A.B., Vanderbilt University, 1906; A.M., Harvard University, 1908. The anthracite coal industry in the United States. *Harvard University*.
- ORSON G. LLOYD, B.S. Agr., Utah Agricultural College, 1910. The relation of cost of production to price of farm products. 1914. *University of Wisconsin*.
- REUBEN MCKITHRICK, A.B., University of Oklahoma, 1907. Legislative disposal of public lands in Texas. *University of Wisconsin*.
- NORMAN S. PARKER, A.B., University of Chicago, 1911. The importance of the Bay of Biscay fisheries in the Middle Ages. 1914. *University of Chicago*.
- CHARLES LESLIE STEWART, A.B., Illinois Wesleyan University, 1911; A.M., University of Illinois, 1912. Studies in farm tenancy in Illinois. 1914. *University of Illinois*.
- WARREN S. THOMPSON, A.B., Nebraska Wesleyan University, 1907; A.M., University of Nebraska, 1911. The growth of population in the United States in relation to the growth of food supply, 1860-1910. 1913. *Columbia University*.
- HENRY R. TRUMBOWER, A.B., Lehigh University, 1903; A.M., Princeton, 1908. Urban lands and land speculation in Germany and America. 1913. *University of Wisconsin*.
- FRANCIS J. TSCHAN, A.B., St. Ignatius College, 1901; A.M., 1904. The North Sea fisheries in the Middle Ages. 1913. *University of Chicago*.

Manufacturing Industries

- ARTHUR HARRISON COLE, A.B., Bowdoin College, 1911. The woolen and worsted manufacture in the United States. *Harvard University*.
- WILLIAM J. A. DONALD, A.B., McMaster University, 1910. The iron and steel industry in Canada. 1913. *University of Chicago*.
- CLYTUS ALLEN FREEMAN, A.B., Albion College, 1909; M.A., 1910. Early packing industry in Illinois. 1913. *University of Wisconsin*.
- BLANCHE EVANS HAZARD. The organization of the boot and shoe industry in Massachusetts to 1875. *Radcliffe College*.
- J. L. MARTIN, Virginia Theological Seminary, 1904; A.B., George Washington University, 1909. The straw hat industry in the United States. 1913. *Johns Hopkins University*.
- CHESTER ARTHUR PHILLIPS, B.A., Central College, 1904; Yale University, 1908. History of manufactures in the state of New York. 1913. *Yale University*.
- HARVEY ALDEN WOOSTER, B.A., Wesleyan University, 1909; M.A., 1910. The hardware industry of Connecticut. 1914. *Yale University*.

Transportation and Communication

- RALPH EMERSON HEILMAN, Ph.B., Morningside College, 1906; A.M., Northwestern University, 1907. The Chicago traction system. 1912. *Harvard University*.
- PHILIP BENJAMIN KENNEDY, A.B., Beloit College, 1905; Litt.B., Occidental College, 1906; A.M., Harvard University, 1911. The Northern Pacific Railway. *Harvard University*.
- JUDSON F. LEE, A.B., Des Moines College, 1904; A.M., State University of Iowa, 1905. Transportation as a factor in the development of Illinois before 1860. 1913. *University of Chicago*.
- DUNCAN A. MACGIBBON, A.B., McMaster University, 1908. The Canadian railway commission and railway regulation. 1913. *University of Chicago*.
- ARCHIBALD W. TAYLOR, A.B., Doane College, 1902; A.M., University of Wisconsin, 1910. The long and short haul clause. 1913. *University of Chicago*.

Trade, Commerce, and Commercial Crises

- WILFRED ELDRED, A.B., Washington and Lee University, 1909, A.M., 1909; A.M., Harvard University, 1911. The grain trade and grain supply since 1850. *Harvard University*.
- CHARLES K. GUILD, A.B., University of Manitoba, 1909. Trade relations between Canada and the United States. 1914. *University of Chicago*.
- PAUL H. NEYSTROM, Ph.B., University of Wisconsin, 1909; Ph.M., 1910. A study in the retail distribution of goods, 1913. *University of Wisconsin*.
- CARL WILLIAM THOMPSON, A.B., B.O., Valparaiso College, 1901; A.B., A.M., University of South Dakota, 1903; A.M., Harvard University, 1904. Studies in the marketing of farm products. *Harvard University*.
- THURMAN WILLIAM VAN METRE, A.M., Indiana University, 1911. The internal commerce of the United States, 1789-1900. *University of Pennsylvania*.

Accounting, Business Methods, Investments, and the Exchanges

- AUGUSTUS O. BOURNE, JR., B.S., New York University, 1905; A.M., Columbia, 1906. Stock watering in New York city. 1914. *Columbia University*.
- THEODORE A. WANERUS, B.A., Iowa, 1910; M.A., Iowa, 1912. The economics of advertising. 1914. *University of Iowa*.

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- EDWARD M. ARNOS, S.B., Lima College, 1907; A.M., Clark University, 1908. The policy of the states toward the trusts. 1914. *University of Chicago*.
- LEE BIDGOOD, A.B., University of Virginia, 1905; A.M., 1906. Bogus independent concerns: a study in trust methods. 1913. *University of Wisconsin*.
- JOSEPH STANCLIFFE DAVIS, A.B., Harvard University, 1908. The policy of New Jersey toward business corporations. *Harvard University*.
- LUCIUS ARNOLD FRYE, A.B., University of Minnesota, 1907; A.M., 1908;

- B.C.L., Oxford, 1911. The commission system of the control of public service corporations in the city and state of New York. 1913. *Columbia University*.
- HAZEL KYRK, Ph.B., University of Chicago, 1910. Control of public utilities. 1914. *University of Chicago*.
- HOWARD T. LEWIS, A.B., Lawrence College, 1910; A.M., University of Wisconsin, 1911. An analysis of economic elements embodied in the Wisconsin Railway Commission. 1914. *University of Wisconsin*.
- FREDERICK MYERLE SIMONS, JR., A.B., Swarthmore College, 1909; A.M., 1912. Interlocking directorates—their effect upon cost of service of common carriers. 1914. *Cornell University*.

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- J. H. ASHWORTH, A.B., Emory and Henry College, 1906. The "helper system" and American trade unions. 1913. *Johns Hopkins University*.
- CHARLES B. AUSTIN, A.B., Indiana University, 1907; A.M., 1908. Comparative administration of labor legislation. *University of Wisconsin*.
- PAUL F. N. BRISSENDEN, A.B., University of Denver, 1908. The industrial workers of the world. 1914. *University of California*.
- C. C. CALDWELL, A.B., Roanoke College, 1905; A.M., 1908. Industrial licensing and American trade unions. 1913. *Johns Hopkins University*.
- EDWIN T. CHEETHAM, A.B., Wooster University, 1897. American trade unions and the working day. 1913. *Johns Hopkins University*.
- ALZADA P. COMSTOCK, A.B., Mt. Holyoke College, 1910. History of the Industrial Workers of the World in the United States. 1915. *Columbia University*.
- T. NORMAN DEAN, A.B., University of Toronto, 1911; M.A., 1912. Workmen's compensation. 1913. *University of California*.
- E. H. DOWNEY, A.B., University of Iowa, 1907; A.M., 1908. History of indemnity for work accidents in Iowa. 1913. *University of Wisconsin*.
- JOHN ANDREWS FITCH, A.B., Yankton College, 1907. Labor in the iron and steel industry. *University of Wisconsin*.
- MARIE HOURWICH, Nijni-Novgorod Gymnasium (Russia), 1905. The history of the Cigar Makers' International Union. 1913. *Johns Hopkins University*.
- GEORGE M. JANES, B.Litt., Dartmouth College, 1901; A.B., Middlebury College, 1903; S.T.B., Harvard University, 1902; A.M., 1910. The initiation and control of strikes in American trade unions. 1913. *Johns Hopkins University*.
- GEORGE C. JENSEN, B.S., University of California, 1911; M.S., 1912. The Canadian Industrial Disputes Act. 1914. *University of California*.
- FRIEDERICH F. LANGE-WILKES, Diploma in Economics, University of Göttingen, 1910. History of labor legislation in Illinois. 1914. *University of Chicago*.
- RICHARD S. MCCABE, A.B., Johns Hopkins University, 1911. The effect of trade unions on wages. 1915. *Johns Hopkins University*.
- ALBERT O. MULLEN, A.B., Pennsylvania College, 1898. Trade unionism and convict labor. 1913. *Johns Hopkins University*.
- JOHANN GOTTFRIED ORSOL, Candidate of Commerce, Riga Polytechnic In-

- stitute (Russia), 1903. Political activities of the American labor unions. *Harvard University*.
- LEONA M. POWELL, A.B., Ohio Wesleyan University, 1905. Factory inspection. 1914. *University of Chicago*.
- MORGAN T. RILEY, A.B., Yale, 1907. Immigrants and trade unions; their reciprocal effects. 1914. *Columbia University*.
- EDWIN CLYDE ROBBINS, A.B., University of Iowa, 1910. A.M., 1912. History of the order of railway conductors. *Columbia University*.
- CLYDE C. ROHE, S.B., Loyola College, 1909. The social aspects of American trade unions. 1913. *Johns Hopkins University*.
- STEWART SCHRIMSHAW, A.B., Ohio Wesleyan University, 1912. History of Bricklayers', Masons' and Plasterers' International Union of America. *University of Wisconsin*.
- DAVID P. SMEISER, A.B., New Windsor College, 1912. Unemployment and American trade unions. 1915. *Johns Hopkins University*.
- JACOB N. SOKOHL, B.S., Teachers College, 1912; State bureaus of conciliation and arbitration. 1915. *Columbia University*.
- H. WIRT STEELE. Labor legislation in Maryland. 1913. *Johns Hopkins University*.
- LORIN STUCKEY, A.B., Miami University, 1906; A.M., Columbia University, 1907. Organized labor in Iowa. 1915. *University of Iowa*.
- ARTHUR F. SUFFERN, B.S., Columbia University, 1909; A.M., Teachers College, 1910. Conciliation and arbitration in the anthracite coal industry. 1913. *Columbia University*.
- EDWIN H. SUTHERLAND, A.B., Grand Island College, 1904. Employment agencies. 1913. *University of Chicago*.
- LYMAN B. VEEDER, A.B., Princeton, 1910; A.M., Columbia, 1912. The economic history of labor industries in the United States. 1914. *Columbia University*.
- WILLIAM O. WEYFORTH, JR., A.B., Johns Hopkins University, 1912. The organizability of labor. 1915. *Johns Hopkins University*.
- N. R. WHITNEY, A.B., Pennsylvania College, 1909. Jurisdiction of American trade unions. 1913. *Johns Hopkins University*.
- LEO WOLMAN, A.B., Johns Hopkins University, 1911. Resources of enforcement in American trade unions. 1913. *Johns Hopkins University*.

Money, Prices, Credit, and Banking

- WILLIAM EDWARD COX, B.A., University of Texas, 1909; M.A., 1910. Gold production and prices in California 1850-1870. *Leland Stanford Jr. University*.
- GEORGE WILLIAM DOWRIE, A.B., Lake Forest College, 1901; A.M., University of Chicago, 1907. The development of banking in Illinois, 1819-1863. 1913. *University of Illinois*.
- JOHN F. EBERSOLE, Ph.B., University of Chicago, 1907; A.M., Harvard University, 1909. History of the national banking system from 1864-1874. 1913. *University of Chicago*.
- MAJOR BRONSON FOSTER, A.B., Carson and Newman College, 1910; A.M., 1911. History of banking in New York state before 1866. 1914. *Cornell University*.
- JAMES D. MAGEE, A.B., Des Moines College, 1902; A.M., University of Chicago, 1906. Money and prices. 1913. *University of Chicago*.

- J. H. OBER, A.B., Princeton University, 1909. Mutual savings banks in the United States. 1913. *Johns Hopkins University*.
- HAROLD L. REED, A.B., Oberlin College, 1911. The development of a qualified gold exchange standard in India. 1914. *Cornell University*.
- CLYDE ORVAL RUGGLES, A.B., Teachers' College (Iowa), 1906; A.M., State University of Iowa, 1907. The economic basis of the greenback movement in Wisconsin and Iowa. *Harvard University*.
- CLEANTHES VASSARDAKIS, LL.D., National University of Athens, 1910; S.D., University of Geneva, 1908. The bank of Greece. 1913. *University of Chicago*.

Public Finance, Taxation, and Tariff

- NICHOLAS P. AGHNIDES, LL.B., Ottoman Law School, Constantinople, 1909. Mohammedan laws of taxation. 1915. *Columbia University*.
- HAROLD HITCHENS BURBANK, A.B., Dartmouth College, 1909; A.M., 1910. History of the property tax in Massachusetts since 1775. *Harvard University*.
- SHAO-KWAN CHEN, Graduate, Peking University, 1908; A.M., Columbia University, 1911. The Chinese taxation system in the 19th century. 1913. *Columbia University*.
- YIN CHIN MA, A.B., Yale University, 1910. Public finances of Greater New York. 1913. *Columbia University*.
- LLOYD MORGAN CROSGRAVE, A.B., Indiana University, 1909; A.M., Harvard University, 1911. The glass industry in the United States, with special reference to the tariff. *Columbia University*.
- JOHN MAXWELL FERGUSON, A.B., Harvard University, 1908; A.M., Columbia University, 1909; LL.B., 1911. The economic theories of Henry George. 1913. *Columbia University*.
- FREDERIC B. GARVER, A.B., University of Nebraska, 1909. The subvention in American state finance. 1913. *University of Chicago*.
- WARREN FAYETTE HICKERNELL, B.A., Ohio Northern University, 1908. The tariff on wheat and flour. *Yale University*.
- WILLFORD I. KING, A.B., University of Nebraska, 1905; A.M., University of Wisconsin, 1910. Valuation of urban realty for purposes of taxation. 1913. *University of Wisconsin*.
- S. KITASAWA, A.B., Waseda University, 1910; A.M., University of North Carolina, 1911. The history and growth of national indebtedness of the United States and Japan. 1913. *Johns Hopkins University*.
- HARLEY LEIST LUTZ, A.B., Oberlin College, 1907; A.M., Harvard University, 1908. State control over the assessment of property for local taxation. *Harvard University*.
- J. G. RANDALL, A.B., Butler College, 1904; A.M., University of Chicago, 1904. Confiscation of property during the Civil War. 1913. *University of Chicago*.
- YETTA SCHEFTTEL, A.B., Northwestern University, 1908; A.M., University of Chicago, 1909. The theory and practice of land taxation. 1913. *University of Chicago*.
- PETER SPEEK, A.B., Teachers' College, St. Petersburg, Russia; A.M., University of Wisconsin, 1911. The single tax in the labor movement. *University of Wisconsin*.

- RUFUS STICKNEY TUCKER, A.B., Harvard University, 1911; A.M., 1912. The incidence of taxes upon land and improvements. *Harvard University*.
- ARTHUR NICHOLS YOUNG, A.B., Occidental College, 1910; A.M., Princeton University, 1911. The single tax in America. 1914. *Princeton University*.

Population and Migration

- SAMUEL L. JOSEPH, A.B., College of the City of New York, 1902. Jewish immigration to the United States. 1914. *Columbia University*.
- JAMES GARFIELD STEVENS, Ph.B., Alfred University, 1906. The defective classes of New York state under the supervision of the State Board of Charities. 1914. *Cornell University*.
- PAUL WANDER, Ph.B., University of Chicago, 1908. Occupational readjustment among Russian-Jewish immigrants. 1913. *University of Chicago*.

Social Problems and Reforms

- OSCAR ROSS MARTIN, A.B., Central Wesleyan College, 1907. History of industrial education. 1914. *University of Illinois*.

Insurance and Pensions

- BENJAMIN S. BEECHER, A.B., University of Wisconsin, 1910; A.M., 1911. Occupation hazard in life and accident insurance. 1914. *University of Wisconsin*.
- ERNEST W. BURGESS, A.B., Kingfisher College, 1908. Health insurance in the United States. 1913. *University of Chicago*.
- VICTOR N. VALGREN, A.B., University of Minnesota, 1905; A.M., 1909. Farmers' mutual property insurance in the United States. 1913. *University of Chicago*.
- ROBERT MORSE WOODBURY, A.B., Clark College, 1910; A.M., Clark University, 1912. State and federal systems of old-age pensions in the United States. 1915. *Cornell University*.

Socialism and Co-operative Enterprises

- EARL L. STEHMAM, A.B., Franklin & Marshall, 1912. Communistic life of the Moravians at Ephrata, Pennsylvania. 1914. *Columbia University*.
- DONALD S. TUCKER, A.B., University of Colorado, 1906; A.M., Williams College, 1912. Coöperative credit. 1913. *Columbia University*.

Statistics and Its Methods

- FRANCIS H. BIRD, A.B., Dartmouth College, 1909; A.M., 1910. Occupational survey of Wisconsin. *University of Wisconsin*.
- WARREN M. PERSONS, B.S., University of Wisconsin, 1899. Statistical method and economic statistics. *University of Wisconsin*.

NOTES

Since the annual meeting the American Economic Association has received 140 new members. There have been 196 resignations and withdrawals, 11 have been dropped, and 11 members have died, making a net loss of 78. The present membership including subscribers is 2637.

The *Handbook* for 1913 will be issued as a supplement to the September number of the AMERICAN ECONOMIC REVIEW. The secretary desires to make this directory of the members as accurate and up-to-date as possible. He therefore requests that any errors or changes of address that have not been reported be sent to him at once, as copy is now being prepared and will go to press within two weeks.

At the nineteenth annual meeting of the Michigan Academy of Science, held at Ann Arbor, April 2-4, Professor Frank T. Carlton was re-elected vice-president, in charge of the section of economics. Among the subjects discussed before the economic section was the London dock strike of 1912, by C. E. Parry and W. H. Hamilton, of the University of Michigan; Farm organization as a factor in rural economics, by W. O. Hedrick, of Michigan Agricultural College, and Edward D. Jones, of the University of Michigan; The sphere of pecuniary valuation, by C. H. Cooley, of the University of Michigan, and F. T. Carlton, of Albion College; Sociological antithesis of socialism, by H. A. Miller, of Olivet College; The teaching of economics in the high school, by J. E. Mitchell, of Alma College, and J. M. Taylor, of the University of Michigan; The taxation of local public utilities in Michigan, by E. H. Ryder, of Michigan Agricultural College; and Public utility accounting in Michigan, by David Friday and H. C. Adams, of the University of Michigan.

The following persons have been chosen members of the President's Commission to study rural credit in Europe: Senator Fletcher, chairman; Senator Gore; Representative Moss; Dr. C. J. Owens; President Butterfield, Massachusetts Agricultural College; Col. Harvey Jordan, of Georgia; and Dr. J. L. Coulter. Dr. Coulter has been elected secretary of the commission.

Professor R. T. Ely gave a course of six lectures on "The conception of property in economic theory" at the London School of Economics and Political Science during the month of May.

The American Association for Labor Legislation has appointed a

committee on social insurance, as follows: Edward T. Devine, chairman, Miles M. Dawson, C. W. Doten, Henry J. Harris, Charles R. Henderson, Frederick L. Hoffman, I. M. Rubinow, Henry R. Seager, and John B. Andrews. This committee is making preparations for a national conference on social insurance, to be held in Chicago, June 6-7.

The first National Conference on Marketing and Farm Credits was held in Chicago, April 8-10. Information in regard to the work of this association may be had of Charles W. Holman, secretary, Room 1408 Steiger Bldg., Chicago, Ill.

The discussion of aims, organization, and problems of various schools of commerce at the December meeting of the Western Economic Society appears in the "Journal of Political Economy." In the February number: The College of Commerce and Administration of the University of Chicago, by L. C. Marshall; The work of the Wharton School of Finance and Commerce, by R. C. McCrea; The Amos Tuck School of Dartmouth College, by H. S. Person; Training for business at the University of Wisconsin, by W. A. Scott. In the March number: Some propositions concerning university instruction in business administration, by E. D. Jones; The Northwestern University School of Commerce, by W. E. Hotchkiss; The place of the high school in commercial education, by J. J. Sheppard; Education for business, by J. E. Downey; The industrial training and placing of juveniles in England, by H. W. Jevons.

A fifth conference of the Western Economic Society, held at Chicago March 14-15, was devoted to a discussion of scientific management. A report of it may be found in "The Nation," March 27, page 304.

The American Statistical Association held a quarterly meeting and dinner at the Yale Club, New York city, on Thursday evening, April 17. There was a large number of local members present. President John Koren presided, and the general topic for discussion was "Municipal traffic statistics." The following papers were presented and discussed: Street railway traffic in New York city, by F. A. Weber, statistician of the public service commission; Vehicle traffic and the pedestrian situation, by E. P. Goodrich, consulting engineer for the city; and Accidents in American cities, by F. S. Crum, of the Prudential Insurance Co.

On the following evening, April 18, another meeting and dinner was held at the Ebbitt House, Washington, D. C. Vice-president E. Dana Durand presided and the principal paper of the evening

was read by F. C. Croxton, of the United States Bureau of Labor. The subject of this paper was "Recent price movements and the cost of living." The discussion was opened by George E. Roberts, Director of the Mint.

The American Academy of Political and Social Science devoted its annual meeting to "The cost of living," and the papers there presented will be published in the July issue of "The Annals."

The American Bankers Association will hold its annual convention in Boston, October 6-10.

The fortieth National Conference of Charities and Correction will be held in Seattle, July 5-12, 1913.

An English-speaking Conference on the Prevention of Infant Mortality will be held at Caxton Hall, Westminster, London, on August 4-5, 1913 (immediately before the International Medical Congress). The executive committee is anxious that there be a large representation from the United States.

The New York State Bankers' Association will hold its 1913 convention in Ottawa, Canada, about the middle of June. The occasion will be availed of to celebrate the one-hundredth anniversary of peace between English-speaking people.

This year's social tour for study and observation, which is conducted by the International Civic Bureau, will sail from New York, on June 28; and the civic tour, on July 2. For further information address the chairman of the committee of arrangements, R. R. Miller, 1 Madison Ave., New York.

There has come to hand a *Report of the Educational Committee of the American Association of Public Accountants, giving Information on the Department of Commerce, Accounts, and Finance of One Hundred of the Leading Universities of the United States* (J. B. Geijsbeek; 801 Equitable Bldg., Denver, Colo.). The survey here presented is compiled from answers to a questionnaire sent out to the twenty-two universities having departments of commerce. It shows that there is no uniformity in higher commercial education, as to the elective or compulsory studies, time devoted to these studies, use of textbooks, etc. The increasing popularity of the practical courses in universities is noted with satisfaction; but few educators would justify this, as does the committee, upon the "economic principle that the earning capacity of individuals indicates the standard of civilization." The conclusions of the report emphasize the account-

ant's need of a broader training, the desirability of having "practical men" for teachers, and the benefit of standardized courses. Public accountants are admonished to lend utmost aid to the education of business men in these schools of commerce, and so contribute to the permanency and the higher standard of their own profession. Though there are errors of judgment and incomplete data in this report, it will be advantageous for those who have charge of these subjects in our universities to consider the material herein presented and weigh its suggestions.

W. T. JACKMAN.

THE NATIONAL ASSOCIATION OF CORPORATION SCHOOLS. There was organized in New York city, January 24, 1913, a National Association of Corporation Schools. In a desultory, haphazard fashion some two hundred or more corporations in the United States have provided special educational courses for their employees. These corporation schools are without any educational clearing house. Accordingly the association has for its object the "aiding of corporations in the educational work of their employees by providing a forum for the interchange of ideas, and by collecting and making available data as to successful and unsuccessful plans in educating employees."

From the outset the association has received the strongest kind of support from a number of the largest corporations of the country. The railway, locomotive, electrical, gas, and machine industries have been especially helpful. The New York Edison Company, having a successful school of its own, and believing thoroughly in the idea of a national association, has been the leader in the movement. Upwards of fifty delegates represented about forty business corporations at the initial meeting. The capitalization of the charter members is in excess of two billion dollars, and the number of employees affected exceeds 230,000. In addition to the business interests, several associations and educational institutions sent delegates to the organization meeting.

Members admitted to the association are divided into three classes: A, company members; B, members; and C, associate members. The association, for the time being, will be in the control of the business corporations since class A members only have voting power.

The work of investigation and reporting is to be carried on by three permanent committees: a committee on membership, a committee on allied associations and movements, and an educational committee. The committee on allied institutions will connect the association with the work done in the older established forms of education, in uni-

versities, in high schools, and in vocational schools. Of especial interest to the economist is the work mapped out for the educational committee. This committee, in five subcommittees, will study and report on how best to teach (1) salesmanship and advertising, (2) manufacturing and transportation, (3) accounting, financing, and purchasing, (4) general office work, stenography, clerical work, filing and correspondence, and (5) physical efficiency, hygiene, sanitation, recreation, exercise, and the elements of psychology.

The officers of the association are: president, Mr. Arthur C. Williams of the New York Edison Company; secretary, Dr. Lee Galloway of New York University; and assistant secretary-treasurer, F. C. Henderschott of the New York Edison Company. The first annual convention will be held in Dayton, Ohio, in the new hall of education of the National Cash Register Company, September 16-19, 1913.

HENRY C. METCALF.

The Eugenics Record Office, established at Cold Spring Harbor, L. I., in October, 1910, has organized a board of scientific directors which will meet annually to consider the projects most worthy of support for the ensuing year and to hear reports of the work of the office for the past year. The directors are Dr. Alexander Graham Bell, chairman; Dr. William H. Welch, professor of pathology at Johns Hopkins University, vice chairman; Professor Irving Fisher, Yale University; Professor Lewellys Barker, Johns Hopkins Hospital; Professor E. E. Southard, Harvard University; Dr. C. B. Davenport, secretary of the board and resident director.

Through the coöperation of the board of education of New York city with the educational work of the American Bankers Association, a course of six lectures on "Thrift" was given in March and April at Cooper Institute.

The summer session of the Chicago School of Civics and Philanthropy will open June 18. Two courses are offered: (1) Methods of social advance; (2) Principles and methods of relief and family rehabilitation.

The report of the board of directors of the American Academy of Political and Social Science gives assets for the year ending December 31, 1912, \$66,118.98 and no liabilities. In membership and subscriptions there has been a gain of 522, a loss through death of 74 making a total of 6,228.

The Women's Educational and Industrial Union (Susan M. Kingsbury, director, 264 Boylston St., Boston, Mass.) offers four paid

fellowships and four honorary fellowships in economic research. The subjects of investigation concern the employment of women.

A circular in regard to the tenth contest for the Hart Schaffner & Marx prizes may be had of Professor J. Laurence Laughlin, University of Chicago.

Because of the insufficient number of manuscripts received, the competition for the Mercet prize, offered by the Société d'Economie Politique, has been extended (*cf.* AMERICAN ECONOMIC REVIEW, vol. I, p. 977). The new subject is "L'évolution des idées protectionnistes depuis 1815." Manuscripts (in French) should be accompanied by a sealed envelope containing the name and address of the author and should be sent to M. Daniel Bellet, Secrétaire Perpétuel de la Société d'Economie Politique, Maisons-Laffitte, Paris, before December 31, 1914.

Professor Frank T. Carlton, of Albion College, is writing a book on "The Industrial Situation," one of a series of social service handbooks to be published in the near future for the Federal Council of the Churches of Christ in America. Professor Carlton has also been asked to write a chapter entitled The Relation of the High School to the Industrial Life of the Community, in *High School Education*, vol. II, edited by Dean Johnston of the University of Kansas.

State Regulation of Prices and Wages, which has just been published as volume VI of the studies of the Minnesota Academy of Social Science, contains the following: The police power and economic welfare, by Ambrose Tighe; How far is state regulation of prices desirable, by Allen Albert; Advantages of a state public utilities commission, by B. H. Meyer; Advisability of a state public utilities commission for Minnesota, by Stiles P. Jones; Wages of women and children in Minnesota, by Josephine Schain; Minimum wage legislation, by John A. Ryan; The Wisconsin industrial commission, by P. J. Watrous; and Reorganization of the Minnesota labor department, by Don D. Lescohier.

Announcement is made that the Division of Bibliography of the Library of Congress will shortly publish a bibliography, *Additional References on the Cost of Living*, and a list of references on *Federal Control of Commerce and Corporations*.

The Macmillan Company will publish early in the summer *The Credit System*, by Professor W. G. L. Taylor, and *State Insurance*, by Professor W. F. Gephart.

Professor C. W. Doten, secretary of the American Statistical Association, announces that No. 4 of the "Quarterly Publications of the American Statistical Association" will be reprinted. Those who desire to complete their files should send in their orders at once.

The Women's Industrial Council (7 John Street, Adelphi, London, W. C.) has announced the publication of the *Teashop Girl*, a report of an inquiry into the work of waitresses, by B. Drake; and of *Domestic Service*, by M. G. Skinner. The council will send free on application copies of the current annual report and of "Women's Industrial News."

The first number of a new sixpenny weekly, "The New Statesman," was published in April (37 Norfolk St., Strand, London). It is conducted by Sidney Webb, Bernard Shaw, and others, and will deal with public affairs from a definitely new standpoint free from party trammels. It will give special attention to economic tendencies. As a supplement, beginning with the issue for May 12, is published "The Blue Book Monthly," which is devoted chiefly to parliamentary papers, but also deals with other English government publications and with important colonial, foreign, and local documents. It contains reviews or short notices of important documents and annotated lists (with prices) of others.

The "Weltwirtschaftliches Archiv: Zeitschrift für Allgemeine und Spezielle Weltwirtschaftslehre" (Gustav Fischer, Jena; G. E. Stechert & Co., New York) is a new quarterly edited by Professor Harms of the University of Kiel. The first number appeared in January, 1913. In editorial and typographical make-up it is suggestive of THE AMERICAN ECONOMIC REVIEW. The first number contains 375 pages apportioned as follows: general articles, 130 pages; book reviews and notices, 117 pages; notes, etc., 92 pages; international statistics of gold, securities, and commodities, 35 pages. It is intended to be international in scope, as to articles contributed, books reviewed, and notes submitted, and presents a long list of associate editors, European, American, and even Asiatic. If succeeding numbers maintain the standard set by the first number, the periodical should be of distinct service, especially in the department devoted to literature. A serious problem to be overcome, however, is apparent in this number—the problem of properly editing numerous reviews contributed by many authors in many languages (cf. pp. 211-212).

H. S. P.

Verlag von Veit & Comp., Leipzig, announces "Die Geisteswissen-

schaften," a weekly edited by Otto Buck and Paul Herre. It is the purpose of this periodical to cover as broad a field as that of "Science," and it will contain articles, reviews, notes, and discussions.

Appointments and Resignations

Mr. Charles G. Baird has been appointed graduate assistant in agricultural economics at the Massachusetts Agricultural College during 1913-14.

Miss Emily Greene Balch has been made professor of political economy and of political and social science at Wellesley College.

Dr. C. C. Carstens has been appointed a lecturer in the department of social ethics at Harvard University.

Professor T. N. Carver has been granted a year's leave of absence from Harvard, and on June 1 will take up duties in Washington as director of the Rural Organization Service. This service is being organized under the United States Department of Agriculture by Secretary David F. Houston, who has long been a member of our association. Its purpose is to promote the organization of all rural interests, but particularly along the lines of coöperative marketing and credit associations.

Professor E. J. Clapp has been granted an additional year's leave of absence from New York University.

Professor Katharine Coman has resigned from active work at Wellesley College and has been made professor emeritus.

Dr. John R. Commons will return to the University of Wisconsin in the fall upon the expiration of his term as a member of the Wisconsin Industrial Commission.

Mr. Luther Conant, Jr., has resigned as commissioner of corporations.

Dr. Ira. B. Cross, of Stanford University, has been giving a series of lectures on Social and Socialist Movements at the University of California. Dr. Cross will teach in the summer school of the University of Kansas in the department of sociology. He has also been appointed secretary to the Industrial Accident Board of California.

Professor John L. Coulter was a delegate to the General Assembly of the International Institute of Agriculture, held in Rome early in May.

Professor Herbert J. Davenport, of the University of Missouri, will give courses in political economy at the summer session of the University of Wisconsin.

Professor Fred Rogers Fairchild has been promoted to a professorship in Yale University. Professor Fairchild has just completed his work as a member of a special state commission for investigating the taxation of corporations in the state of Connecticut.

Professor Willard C. Fisher, of Middletown, has been employed by the state of Connecticut to draft a workmen's compensation law, in conference with the judiciary and labor committees of the General Assembly.

Dr. W. F. Gephart has been appointed professor of economics at Washington University, in charge of the department.

Miss Floy V. Gilmore has been appointed instructor of economics and sociology at Wellesley College.

Professor George G. Groat, of Ohio Wesleyan University, has accepted the appointment as professor of commerce and economics at the University of Vermont.

Dr. H. Herkner, professor at l'Ecole Technique Supérieure de Charlottenbourg, has been chosen professor at the University of Berlin to succeed Dr. Schmoller.

Miss Emily J. Hutchinson has resigned her position as instructor in economics at Wellesley College to accept a similar position at Barnard College.

Mr. Eliot Jones, of Harvard University, has been appointed instructor in economics at the University of Pennsylvania.

Professor J. L. Laughlin has returned to his professorial work at the University of Chicago. Since June, 1911, he has given the larger part of his time to the work of the National Citizens' League for the promotion of a sound banking system.

Dr. F. U. Quillin, of Knox College, has been conducting a campaign for the reform of the credit system in Galesburg, Illinois.

Professor W. E. Rappard, of Harvard University, has been appointed by that institution to represent the business school and the university on the tour of the Boston Chamber of Commerce in South America.

Professor E. R. A. Seligman was recently elected a member of the Accademia dei Lincei, in the section devoted to moral, historical, and philological science. There are 45 foreign members, 9 of whom belong in a group of social sciences. This group is made up as follows: Wagner, Marshall, Leroy-Beaulieu, Menger, Lexis, Schmoller, De Foville, Böhm-Bawerk, Seligman. Out of the total number of 146 foreign members, there are 6 Americans, as follows: Pickering,

astronomy; Walcott, geology; Wilson, of Columbia, zoölogy; Hale, astronomy; Michelson, of Chicago, physics; Seligman, of Columbia, economics.

Professor J. Russell Smith sailed in March to study tree crops in Mediterranean countries under the auspices of the University of Pennsylvania. His work on *Commercial and Industrial Geography* is now being printed by Macmillan.

Professor Frank T. Stockton, of the University of Rochester, will next year be at Indiana University.

Dr. N. I. Stone, statistician of the late Tariff Board, has been engaged to conduct an investigation for the Wage Scale Board of the Dress and Waist Industry of New York.

Dr. Francis Walker is now acting commissioner of corporations pending the appointment of a new commissioner.

Mr. R. B. Westerfield has been appointed instructor in political economy at Yale University.

Dr. Allyn A. Young has been appointed professor of economics and finance at Cornell University.

Promotions in Harvard University: Dr. Edmund E. Day to an assistant professorship in economics; Dr. Robert F. Foerster to an assistant professorship in social ethics; Dr. James Ford to an assistant professorship in social ethics.

At the University of Missouri, Mr. Walter Stewart is appointed to an assistant professorship and Mr. George P. Comer and Mr. Leon Ardzoorni to instructorships.

At Leland Stanford Junior University, Stephen I. Miller, Jr., and Donald F. Grass have been promoted to the rank of assistant professor and William E. Cox has been appointed acting instructor in economics.

At the School of Commerce, Accounts, and Finance of New York University, Mr. Edwin R. Lupton has been appointed instructor in commerce; and Mr. Major B. Foster, instructor in finance.

Professors John A. Fairlee and W. T. Dodd, of the University of Illinois, and Mr. Edward W. Bemis, have been engaged in the preparation of a bill for a state public utilities commission for Illinois.

Lester F. Ward died in Washington, April 18. Apart from his writings in botany and geology his published works include: *Psychic Factors of Civilization*, *Psychological Basis of Social Economics*, *Political Ethics of Spencer*, *Principles of Sociology*, *Outlines of Sociology*, *Sociology and Economics*, and *Pure Sociology*.

THE AMERICAN ECONOMIC ASSOCIATION

The American Economic Association is an organization composed of persons interested in the study of political economy or the economic phases of political and social questions. It was organized in 1885 and now has a membership of over 2500. It is not the organ of any party, sect, or institution. It has no creed. Persons of all shades of economic opinion are found among its members, and widely different issues are given a hearing in its annual meetings and through its publications.

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Books for review should be sent to the Managing Editor.

Orders for publications, subscriptions, and applications for membership in the American Economic Association should be sent to Professor T. N. Carver, Secretary of the American Economic Association, Cambridge, Mass.

